

Table with exchange rates for various currencies including Australia, Belgium, Canada, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Jordan, Kuwait, Lebanon, Malaysia, Mexico, New Zealand, Norway, Pakistan, Philippines, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, U.S.A., and U.K.

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER  
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Grenada election  
mandate raises  
expectations, Page 5

## NEWS SUMMARY

### GENERAL BUSINESS

#### Pretoria charges six with treason

South Africa withdrew detention orders against 11 members of the United Democratic Front anti-apartheid body but charged six of them with high treason, which can carry the death penalty.

#### Bomb scare

The 1984 Nobel Peace Prize ceremony in Oslo was interrupted by a bomb scare just before 1984 laureate Bishop Desmond Tutu was due to speak.

#### Hostages 'tortured'

Passengers freed from a Kuwaiti airliner at Tehran airport said the Arab hijackers of the plane tortured U.S. and Kuwaiti hostages.

#### Beirut shelling

Heavy artillery battles began near Beirut, with radio stations reporting shells hitting Moslem and Christian residential areas north and south-east of the capital.

#### Election violence

Fresh clashes between rival political workers were reported during India's election campaign as Prime Minister Rajiv Gandhi promised his re-election would mean change in favour of the poor.

#### Barriers removed

Militant Kanakas seeking the independence of New Caledonia began removing road blocks from the town of Thio, prompting an exodus of settlers detained there for nearly three weeks.

#### France accused

New Zealand Prime Minister David Lange said France was "hell-bent" on more and bigger nuclear tests on the Pacific atoll of Mururoa, and accused it of being utterly reckless.

#### Corsican attack

The banned Corsican National Liberation Front (FLNC) claimed responsibility for a car bomb attack which damaged the police headquarters in Marseilles and slightly injured two people.

#### Pollution complaint

Sweden will ask its Nordic partners to protest against Britain's failure to curb sulphur emissions which are blamed for destroying lakes and forests in Scandinavia, a spokesman in Stockholm said.

#### Coupe coup

A vintage Bentley coupe that beat the Blue Train express from Monte Carlo to London in a 1931 race was sold at a special Sotheby's auction to a U.S. car collector for a record \$270,000 (\$247,700).

#### Human rights

Jurists from 16 Asian countries announced the formation of a regional human rights commission to be based in Hong Kong.

#### Angola toll

Angolan rebels said they killed 112 government troops and 20 Cubans in clashes in four provinces.

#### Financial Times

We apologise for any typographical errors in this edition resulting from action by the National Graphical Association and Sogat members in the FT reading room in London.

## Union Carbide warned Indian unit over safety risks

**BY JOHN ELLIOTT IN BHOPAL AND TERRY DODSWORTH IN NEW YORK**

UNION CARBIDE'S Indian management was warned in 1982 by technical experts from its U.S. parent company that there were serious safety risks at its Bhopal pesticides factory which caused the death of an estimated total of more than 2,000 people last week.

"An operational safety survey" prepared by three U.S. executives criticised two sections of the chemical plant which local managers admit could be linked with the leak. These are now figuring in Government scientists' examinations.

Union Carbide last night confirmed the existence of the safety report dated July 28 1982, and said it was followed up with three further reports - the latest in June this year - dealing with safety procedure and equipment at the plant.

The company said copies of all four reports would be made available and implied that the three follow-up reports dealt with steps taken to address problems identified in the initial 1982 report.

Mr Warren Anderson, Union Carbide chairman, said yesterday that he was confident the victims of the gas leakage at the Bhopal plant could be "fairly and equitably compensated without marked adverse effect on the financial condition" of the group.

Meanwhile, two U.S. lawyers, who arrived in Bhopal on Sunday, said that by last night they had collected signed pro-formas from more than 5,000 clients seeking compensation from Union Carbide.

Mr John Coale, of a Washington law firm, said he estimated that 20,000 people in the town were "really badly hit" and that their maximum damages claimed in U.S. courts could total \$90m. The figure could "be much, much higher," however, if punitive damages were claimed.

Mr Coale and his partner have also been retained by the Bhopal city council to recover \$1m spent by the council after the accident.

Union Carbide's safety report listed about 10 detailed design and operational points which were safety risks. It is believed that the company corrected many of the points.

The report said that there was

## Allianz to restructure and make DM 800m rights issue

**By Jonathan Carr in Frankfurt**

ALLIANZ Versicherung, West Germany's biggest insurance company, has announced a restructuring plan which will let it diversify more easily into non-insurance sectors.

Allianz simultaneously said it was raising about DM 800m (\$261.4m) through a one-for-five rights issue, thus arming itself for another phase of strong business expansion.

The new scheme, already being called the "Schieren plan" after Dr Wolfgang Schieren, Allianz's dynamic chief executive, was approved yesterday by the supervisory board.

It concludes a breathless year in which Allianz picked up a clear profit of DM 550m from its failed battle for Britain's Eagle Star, and moved to take effective control of Italy's second biggest insurance group, RAS (Riunione Adriatica di Sicurtà).

The RAS move is expected to cost Allianz (1983 premium income, DM 15.4bn), more than DM 800m, one of the biggest investments ever made in Italy by a West German concern.

The core of the new plan is the transformation of Allianz Versicherungs AG, the present parent concern, into a holding which will not be subject to scrutiny by the Federal Insurance Supervisory Office.

This means that the holding, to be called Allianz AG, will be able to act more quickly in insurance take-over battles like that for Eagle Star. It will also be able to diversify into non-insurance fields, such as financial services, in a way which the present structure - covered by West Germany's strict insurance sector rules - does not permit.

Allianz's direct insurance business will be transferred to a wholly owned subsidiary of the new holding. This subsidiary, called Allianz Versicherungs AG, like the former parent concern, will take over all Allianz domestic companies in the non-life insurance sector.

The new Allianz Versicherungs AG will be subject to federal supervision and the holding will be responsible for seeing that its subsidiary meets the capital and other requirements of West German insurance law.

Nothing fundamental will change for Allianz shareholders, who have seen their shares soar in recent months.

The shares they have so far held in Allianz Versicherungs AG (old) will automatically become shares in the new Allianz AG, and only the new group will be quoted on the stock market.

## BIS studies the impact of electronic banking

**BY PETER MONTAGNON IN BASLE**

THE BANK for International Settlements (BIS) has commissioned an expert study on the trend towards electronic banking because of its concern over implications for monetary policy.

"Revolutionary" technological innovations in banking were likely to become a preoccupation of central bankers, Dr Fritz Luetwiler, outgoing president of the BIS, said in Basle yesterday.

Instant payments, such as the electronic clearing of inter-bank transactions, which is to be introduced in Switzerland next year, would require changes in monetary policy techniques because they mean a bigger turnover of money on a smaller liquidity base, he said.

"With liquidity of zero, you can reach an enormous turnover," he said. That would make monetary control harder for central banks and mean changes in their policies.

The proliferation of home-banking terminals allowing the public to seek out high interest-bearing accounts at the mere turn of a switch also has implications for interest rate policy, Dr Luetwiler said.

M Jean Godaux, Belgian National Bank Governor, who takes over as BIS president next month, said that electronic banking also had legal aspects both because of the need to ensure adequate procedures for confirming transactions and to avoid fraud.

This meant that central banks also had to be able to advise governments on the subject - when they were preparing legislation on electronic payments - including those

## Ten agree position on mixed credits

**By Quentin Peel in Brussels**

EEC finance ministers yesterday overruled French objections and agreed that the use of mixed credit in trade deals should be made more transparent. They stopped short, however, of meeting the U.S. demand that the use of aid-and-trade packages should be greatly restricted.

The ministers were asked to approve a negotiating position for the Community in the Organisation of Economic Co-operation and Development talks being held in Paris, at which the UK Government is pressing for further controls.

They approved the position recommended by the European Commission, including a better definition of mixed credit, a higher threshold of aid input requiring prior notification by the government concerned, and a system of face-to-face consultations at the starting point of any contract negotiations to alert all contractors to the possibility of mixed credit being offered.

The proposals do not seek any effective limitation on the use of mixed credits, but call for greater "transparency" to prevent hidden subsidies for large contracts. The U.S. Government, however, would like to outlaw all deals with an aid input of less than 50 per cent.

The move was opposed by France, with M Pierre Berégovoy, Finance Minister, arguing that it was a question of national sovereignty on which qualified majority voting would not apply.

The ministers also agreed a common position on providing export credit guarantees for the sale of wide-bodied aircraft, with a single interest rate applying to such deals and for other aircraft, to which the general system of three interest rates for purchasing countries would apply. Italy voted against this, however.

U.S. called on to justify steel curbs at Gatt, Page 3

## Finance chiefs move to curb farm spending

**BY IVO DAWNAY IN BRUSSELS**

EEC FINANCE ministers yesterday demonstrated their determination to take firmer control of Community farm spending.

The European Commission, meanwhile, unilaterally deducted Ecu 100m (\$73m) from advance payments to member states for farm expenditure in anticipation of money due to be returned for exceeding milk production quotas imposed last March.

In an unprecedented move, the finance ministers told their farm minister colleagues, also meeting in Brussels, that any decision on the amount of money to be paid under the Community's farm restructuring programme must meet their approval.

Until now, the farm ministers have had the freedom to set the spending limit themselves.

Yesterday's intervention was being seen as the first example of the finance ministers establishing their right to peruse the budgetary implications of decisions relating to the Common Agricultural Policy (CAP).

It also suggests that European treasuries intend to interpret last week's agreement at the Dublin heads of government summit on controlling the increase in CAP spending, in the widest possible terms.

In future, farm ministers may find that the majority of their agreements involving substantial sums of EEC money will also have to get the approval of the Finance Council. However, the move raises serious questions over the distribution of authority between ministerial bodies, because each council

## Hitachi invites over-35s at UK plant to make way for youth

**BY DAVID BRINDLE IN LONDON**

HITACHI, the Japanese electronics company, alarmed that the average age of its workforce at a South Wales television factory is approaching 40, has invited all those aged 35 or more to take voluntary redundancy.

In a letter to all employees at the plant at Hirwaun, near Aberdare, the company says that older workers are more prone to sickness, are slower, have poorer eyesight and are more resistant to change.

The company is inviting "old-timers" in their late 30s and above to leave its employment next week to make way for youth. It is offering a tax-free payment of £1,800 (\$2,180) and the opportunity to nominate a 16-year-old school leaver to take up the resulting vacancy.

Observers of the Japanese presence in UK industry said last night that the scheme was the most extreme example so far of an apparent oriental obsession with the problems of ageing and its impact on dynamism.

The Confederation of British Industry, the employers' organisation, said that as far as it knew, the scheme was unique among early retirement programmes. An average age of 40 seemed at least par for UK manufacturing workforces and it was felt unlikely that Hitachi might be starting a trend.

Earlier this year, the company and the electricians' union, EETPU, incurred the anger of other unions represented at the Hirwaun plant by signing a single-union agreement.

Mr Emyln Jenkins, an EETPU regional official, said yesterday that the severance offer had been discussed by the elected "company members' board," made up of six management and 11 union representatives.

As far as he was aware, there had been no objections to the offer from the board or the workforce as a whole. Mr Jenkins said any objection that was forthcoming would be taken up by the union.

In its letter to the workers, or "company members" as Hitachi prefers to say, the company points to its continuing losses at Hirwaun and maintains that one obstacle standing in the way of increased efficiency is the age profile of the workforce.

It says that because redundancies this year were carried out mainly on a last-in, first-out basis, "we lost most of our younger people, particularly in production areas, and the average age in the factory moved to almost 40."

In all cases, the letter says, the average age of workers in competitors' plants is lower than that at Hirwaun.

## Consumer groups attack CAP proposals

**Consumer groups attack CAP proposals, Page 3; EEC/Japan VCR deal finalised, Page 6; Editorial comment, Page 18**

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EUROPEAN NEWS

Howe calls for wide range of arms control agreements

By Leslie Collett in Berlin

SIR GEOFFREY HOWE, Britain's Foreign Secretary, yesterday called for sweeping arms control agreements between East and West "across the whole field" of armaments, including nuclear, chemical and space weapons.

Sir Geoffrey made the appeal before his meeting Wednesday in London with Mr George Shultz, the U.S. Secretary of State, who is to discuss arms control measures with Mr Andrei Gromyko, the Soviet Foreign Minister, in Geneva early next month.

The Foreign Secretary said progress could and should be made in nuclear and conventional arms control and "on the present danger of chemical weapons as well as on preventing competition in space."

Speaking in West Berlin, the British Foreign Secretary also urged greatly improved relations between East and West in the sphere of human contacts, culture, economic co-operation and trade. He called the present confrontation between the two blocs a "fundamentally absurd position."

REPORT BY OECD BODY

Structural reform 'should accompany aid to Africa'

By Robert Mauthner, Diplomatic Correspondent

THE long-term development of Africa can best be assured in the context of structural adjustment programmes designed with the help of the World Bank and the International Monetary Fund (IMF), according to a report prepared by the committee of the main Western donor countries.

Mr Rutherford Poat, the chairman of the 18-nation Development Assistance Committee of the Organisation for Economic Development and Co-operation (OECD), understandably devotes most of his attention to the drought-stricken countries of sub-Saharan Africa. But he stresses that the current African crisis is not the result only of a failure of agricultural production, central to the material progress and social justice that they confidently expect to follow the attainment of independence," the report says.

More domestic food production will not automatically end hunger in Africa. That depends on whether a given agricultural system produces not only the food, but the jobs and income gains that can overcome the basic causes of hunger, poverty and ill health. It also depends on how governments use the revenues generated by economic growth to further the social aspects of development.

Noting that many African governments are beginning to

Unesco to meet over financial crisis

By Paul Beets in Paris

THE EXECUTIVE board of the United Nations Educational, Scientific and Cultural Organisation (Unesco) is expected to hold an emergency session late next month or in February to review the financial implications of the U.S. withdrawal from the UN agency.

The U.S., which provides 25 per cent of Unesco's budget, is now virtually certain to pull out on December 23 when its one-year notice of withdrawal runs out. The departure of the U.S. is expected to provoke a financial crisis at Unesco next year.

Britain's recent decision to follow in the footsteps of the U.S. and give notice it intends to leave the agency at the end of next year is also bound to increase the internal turmoil at Unesco. Britain handed in its formal notice of withdrawal last Friday to Mr Amadou Mahtar M'Bow, Unesco's controversial director general.

Sir Geoffrey Howe, the Foreign Secretary, in his letter to Mr M'Bow, said Britain was willing to reconsider its decision to withdraw if substantial progress was made to reform the organisation. The letter listed a series of major reforms sought by the UK.

Among the changes the UK is seeking are greater budgetary restraint, administrative and managerial reforms and their proper implementation, more effective Unesco programmes of more practical benefit to developing countries, and the need to identify the agency's priorities.

Britain, which contributes about 8 per cent of the Unesco budget, will conduct a further review of its policies towards Unesco after the agency's General Conference next year.

However, British diplomats yesterday emphasised that Britain would continue to play next year an active role to promote internal reform in Unesco. They also claimed the decision to give notice was not a signal of any weakening of the UK's commitment to the UN or other multilateral organisations but was related only to Unesco.

The UK also rejected attacks by the Soviet delegate last week that there was a conspiracy to blackmail the organisation. British diplomats also claimed that the UK "was not pointing a finger at any one person."

However, it is now widely recognised that the main problem at Unesco is Mr M'Bow, the agency's director general from Senegal whose current term runs out in 1987. Mr M'Bow has defended himself vigorously. Again on French radio yesterday he described the attacks against Unesco as scandalous claiming that there were no facts to back up the allegations against his management.

Brussels car prices scheme attacked

By Quentin Peel in Brussels

PLANS by the European Commission to force car manufacturers to sell their vehicles at comparable prices throughout the EEC could end up making purchases more difficult, not less, consumer spokesmen warned yesterday.

Proposals intended to promote a genuine common market in car sales throughout the Community are due to be discussed by the Commission and approved before the end of the year. But consumer organisations fear that they include enough special concessions and exemptions to negate their purpose.

The plans to allow a maximum price differential of 12 per cent for the same model in different member states have been furiously opposed by car manufacturers, which argue now the European Bureau of Consumer Unions (BEUC) has written to Mr Frans Andriessen, the commissioner in Brussels responsible for competition, protesting that his plans are too weak.

The consumer organisations claim that the Commission's proposed guidelines for enforcing the new rules would stop car buyers from shopping for the cheapest prices in Belgium, Luxembourg, Denmark and Greece. Belgium in particular has been the most attractive supplier for British car buyers, with prices 30 per cent and more below British levels.

Mr Tony Venables, director of BEUC, said that the guidelines would exclude countries with price controls, or with particularly high taxes, which would mean those four. "The Commission is instituting a two-tier common market, rather than instituting a single common market," he said.

He also claimed that the guidelines would allow manufacturers up to 18 per cent in price differentials, under special circumstances, rather than hold the line at 12 per cent.

It is still not too late to reverse what could be a disastrous outcome from 21 years of discussion," he said. He charged that the Commission's guidelines would make considerable moves in favour of car buyers, for example making it easier for them to lodge a complaint.

U.S. asked to justify steel import curbs

By Our Brussels Correspondent

U.S. TRADE negotiators will next week be called upon to justify their restriction of imports of steel pipe and tubes from the European Community, at a special council meeting of the General Agreement of Tariffs and Trade (GATT).

The meeting has been fixed for Monday at the request of the EEC following the U.S. move to stop all imports of pipes and tubes until the end of the year, and thereafter unilaterally to restrict such sales to some 5.9 per cent of the domestic market.

The whole dispute will also loom large at top level talks to be held in Brussels on Friday this week, involving Mr George Shultz, the U.S. Secretary of State, Mr Malcolm Baldrige, the Commerce Secretary, and Mr William Brock, the U.S. Trade Representative, and Viscount Eileen Davignon and Herr Wilhelm Haferkamp for the EEC.

U.S. officials have let it be known that they hope for a negotiated settlement through the GATT procedure.

The EEC has called for the full special council meeting

Ministers fail to act on EMS, Ecu

By Quentin Peel in Brussels

EEC FINANCE ministers yesterday postponed any decision of further development of the European Monetary System (EMS), and on measures to encourage wider use of the European Currency Unit (Ecu), to give their central bank governors a chance to narrow the divisions between themselves.

In spite of an effort by the European Commission to push through a mini-package of measures affecting the Ecu, the Community's fledgling official currency, the ministers decided that any action was still premature.

The moves under consideration would have raised the interest rate payable by central banks on Ecu borrowing to market-related levels, and would have allowed central banks outside the EEC to hold Ecu-denominated deposits.

The interest-rate proposal has caused problems for Belgium, while suggestions in the Commission proposals for expanded private use of the Ecu are opposed by West Germany.

The Commission also proposed measures for the wider development of the EMS, including easing of exchange rate controls and capital flows between member states.

The ministers also failed to reach agreement on a variety of measures to increase the duty-paid allowances for cross-border travellers in the Community. These would have raised the allowance for wine purchases from four litres to five, and for other goods from Ecu 280 to Ecu 320 per person.

The finance ministers agreed to give next week's internal market council a further opportunity to overcome Danish objections to the deal.

SPD gives evidence on Madrid Flick case

By Tom Burns in Madrid

THE West German Flick case moved to Spain yesterday as two Social Democrat (SPD) members of the Bundestag gave evidence over alleged funds from the West German industrial group to the ruling Spanish socialist party at a closed-door committee session of the Cortes (parliament) in Madrid.

Herr Peter Struck and Herr Hans Jürgen Wischnewski, who is so the SPD treasurer, were understood to have denied any funding to the Spanish sister party, the Partido Socialista Obrero Español (PSOE), by the Flick group.

The denials of the two were already on public record. The Cortes committee was formed at the suggestion of Sr Felipe González, the Prime Minister, after he faced parliamentary questions last month over press reports that the PSOE had been the beneficiary of SPD grants that had originated from the Flick holding.

Sr Gonzalez vehemently rejected allegations that he had received such grants and urged the creation of an investigating committee

Swedish hotels cancel contracts with Amex

By Kevin Done in Stockholm

MORE THAN 500 hotels and restaurants in Sweden are to cancel their credit-card contracts with American Express in protest at what is claimed to be the company's excessive commission charges.

At the same time, the Swedish Hotel and Restaurant Association has started a legal action alleging that American Express is using unfair business practices which discriminate against small businesses.

Mr Allan Nyren, the association's deputy managing director, said the hotels and restaurants had been seeking to persuade American Express to adjust its terms and conditions to the Swedish market for several years but without success.

Some 850 members of the association have contracts with American Express in Sweden, and of those, more than 500 are cancelling their contracts from March or April next year.

American Express has used its size to dictate terms that are unacceptable to many small and medium-sized businesses, Mr Nyren said.



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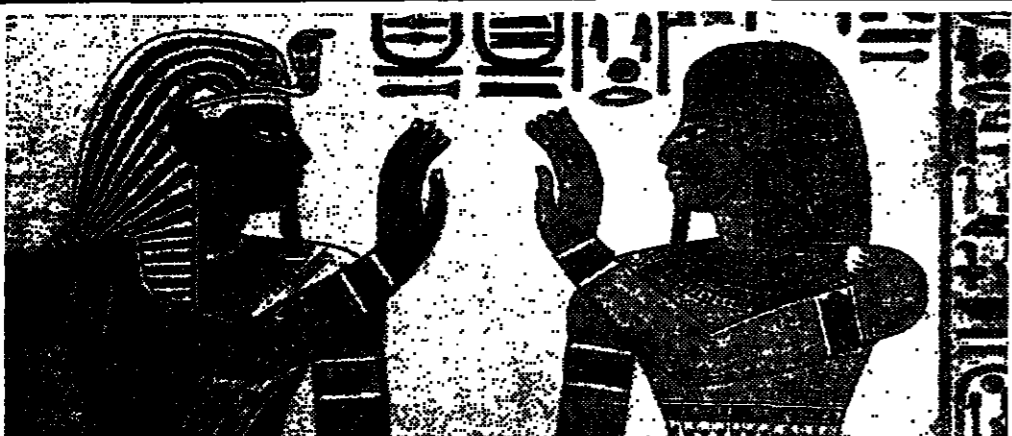
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OVERSEAS NEWS

Opec differentials accord in doubt

BY RICHARD JOHNS IN LONDON AND KATHLEEN EVANS IN ABU DHABI

DOUBTS about the Organisation of Petroleum Exporting Countries' ability to agree on an effective revised system of price differentials have been raised by the absence at the weekend of a member from a meeting of the key committee appointed to make recommendations to next week's ministerial conference in Geneva.

Dr Hans Said al Otaiba, the United Arab Emirates Minister of Oil, left Kuwait for London several hours before the committee meeting officially convened on Saturday citing a "personal commitment" to one of his colleagues.

He did so, however, amid clear indications of disagreement with Sheikh Ahmed Zaki

Yamani, Saudi Arabian Minister of Oil, and other colleagues in Opec over their insistence that the price of the Arabian Light reference crude should remain at \$29 per barrel.

After the meeting Sheikh Yamani said that the recommendation would be that it should not be changed—with the implication that the price of heavier crudes, relatively under-valued at present, would be raised.

Dr Otaiba's opposition to keeping the existing rate for the Arabian Light benchmark crude stems from difficulties encountered by Abu Dhabi until recently in marketing its premium crudes.

However, as a result of the incentive given last month to

equity shareholders in its two main producing operations giving them an extra margin of 30 cents a barrel and discounts of 60 cents conceded to Japanese customers (though their free credit period has been cut from 60 to 30 days), the output of the UAE is understood to have surged to over 1.25m b/d compared with a quota of 950,000 b/d agreed at the last Opec conference held in October.

Japanese buyers, moreover, are pressing Abu Dhabi for a further cut of \$2 per barrel before renewing contracts for 1985 and have threatened to cut liftings by half if they do not get such a reduction.

Abu Dhabi is the biggest single contributor to excess

Opec output currently believed to be about 16.5 b/d compared with the collective limit of 16m b/d agreed by members in their fight to maintain the existing price structure.

That in itself and Abu Dhabi's price trimming would in themselves be an embarrassment to Dr Otaiba who is also chairman of Opec's market monitoring committee.

The other member of the three-man committee on differentials is Mr Fawzi Shakshuki, Libya's acting secretary for oil. But Sheikh Ali Khalifa al Sabah, Kuwait's influential Minister of Finance and Oil, and Sheikh Abdul-Aziz al Thani, his Qatari counterpart, also attended the weekend meeting as "observers."

Oil companies slow off the mark in China

BY COLINA MACDOUGALL

FEWER companies have shown interest in China's second round of bidding for offshore oil development blocks than in the first round which concluded last year.

So far only 26 companies, including 15 U.S. groups, have asked for bidding documents compared to around 40 last time and a final total of 32 which signed contracts.

The closing date for application is December 15. Initial responses to the application

forms must be made by January 13.

"According to our contacts, the foreign companies are very interested in the second," Chen Bingqian, Director of the China National Offshore Oil Corporation's liaison office told a news conference in Peking yesterday.

Among applicants are companies already involved in exploratory drilling under the first round. These include Esso, Shell, British Petroleum, Chevron, Texaco, Occidental and

Elf-Aquitaine, Chen said.

Two firms not so far involved in China, the American Oil Company and Norway's Statoil, have also asked for applications.

"Most companies already involved are likely to apply, to see what's on offer," said an oil industry spokesman. "There must be a rush just before December 15 as companies like to leave it late to keep their moves confidential."

China announced the second round on November 21, invit-

ing foreign firms to explore 100,000 square kilometres (40,000 square miles) in the Yellow and South China Seas.

First-round drilling has failed to produce a major oil find, although Atlantic Richfield, drilling under different contract arrangements, struck gas off Hainan Island.

The Chinese have said that terms, regarded as tough in the first round, would be "more flexible" in this one.

Trial of Israel's top four banks under way

By David Lennon in Tel Aviv

ISRAEL'S four largest banks and their chief executives have gone on trial here on charges of forming a cartel last year to reduce interest paid on negotiable certificate deposits (NCDs).

The charge was brought by the Ministry of Industry and Trade which claims that the chief executives of the banks met on June 5, 1983, and subsequently acted jointly to bring down the interest paid on the short term deposits from 120 per cent to 85 per cent.

It is alleged that further meetings of the bank officials in August and November produced rises in the interest rate to 93 per cent and 103 per cent respectively for deposits in NCDs, which were then the primary short-term instrument of the financial system.

All these activities constituted a cartel and are a criminal offence under the trade restrictions law, the ministry alleges.

The banks have denied that there was collusion on interest rates. Mr Ernest Japhet, chairman of Bank Leumi, said yesterday that the decision to prosecute the banks "is one of the most ridiculous things ever done."

Israel's most controversial politician, Mr Ariel Sharon, the Minister of Industry and Trade, is again at the centre of a political storm in Israel which is putting new strains on the national unity Government.

Mr Sharon's absence from Israel for more than a month while he attends his libel suit in New York against Time Magazine has led Mr Haim Barlev, the Labour Party Police Minister, to call him to resign or take leave.

Union Carbide may face five years' litigation

BY PAUL TAYLOR IN NEW YORK

JUST A week after the Bhopal disaster shocked the world, lawyers in the U.S. and India have set in motion what could become one of the most complex liability law-suits ever brought against a major industrial company.

By filing a \$15bn (£12bn) lawsuit against Union Carbide on behalf of the relatives of victims of the Bhopal poisonous gas disaster, lawyers in the U.S. have begun a legal process which could take at least five years to resolve and result in perhaps millions of dollars in fees for the legal profession.

On Friday the Miami law firm of Tobin and Thomson and Mr Melvin Bell, a veteran and sometimes controversial California product lawyer, filed a suit in a West Virginia court against the U.S. parent company on behalf of two surviving relatives of victims of the accident which killed well over 2,000 people.

The lawyers, who flew to India over the weekend to begin collecting evidence for the case, are hoping that it will become a class action suit on behalf of all the victims of the disaster.

Before that can happen the U.S. courts must agree to

designate the case a class action suit. That process alone could take perhaps six months. In making that decision the courts must decide whether the case is appropriate as a class action and whether the lawyers representing the plaintiffs are suitable. Even if the case is

designated a class action, U.S. law permits individual plaintiffs to "opt out" of the action and bring their own prosecutions.

The actual hearing of the such class actions is broken down into two distinct phases. The liability hearings, which are often held as a separate trial during which evidence is heard and could take perhaps two years, and the damages hearings.

In total, together with appeals, Mr Stuart Spenser, one of the leading prosecution lawyers in product liability cases, says "we are looking at four or five years" at best

before the question of compensation is even considered.

Even if the case against Union Carbide is heard in the U.S. rather than India where similar actions have already been brought by the Indian Government—a factor which some lawyers see as reducing the chances of a successful suit against the company in the U.S.—the outcome is far from certain.

In most cases where liability is proved, a complex process of negotiation takes place between lawyers representing the plaintiffs and the defendants and their insurers. Settlements are sometimes subject to court approval.

There are a number of precedents for such agreements, among them litigation resulting from asbestos exposure, the Agent Orange case, the suits resulting from the 1980 MGM-Grand Hotel fire in Las Vegas and, most recently, settlements made by A. H. Robbins, the pharmaceutical company, in suits brought by users of its Dalkon shield contraceptive device.

In the Marville asbestos and Agent Orange cases settlements have been proposed but have yet to win court approval.



Philippines GNP falls by 5.2%

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINE economy contracted by 5.2 per cent in real terms in the first nine months of the year compared with the level of the same period last year.

Mr Vicente Valdepenas, Economic Planning Minister, attributed the decline to the foreign exchange shortage, the debt crisis and natural calamities. He predicted the gross national production (GNP) would fall by as much as 5.5 per cent for the whole year.

Mr Valdepenas said the dismal performance of the

industrial and manufacturing sector, which traditionally accounts for more than a third of GNP, gave the biggest jolt to the economy. Manufacturing was severely curtailed by the shortage of dollars required to import raw materials.

With the finance rescue package being worked out with the International Monetary Fund (IMF) in place by early next year, Mr Valdepenas hopes that the economy will turn around next year with a 1.2 per cent projected growth rate.

Private economic research

groups have, however, predicted that the economy will continue contracting next year because the Government is committed by the IMF to adhere to stiff austerity measures which will discourage economic activity.

The Government expects to wind up negotiations with the IMF for an SDR 6.5m standby credit next week. Facilities are also being negotiated for a re-structuring of almost US\$60m (£5bn) of foreign commercial loans, and for fresh commercial loans of \$225m.

Senegal reaches standby agreement with IMF

BY PETER BLACKBURN, RECENTLY IN DAKAR

SENEGAL has worked out in principle with the International Monetary Fund a standby agreement. Mr Mamadou Toure, its Economy and Finance Minister said in an interview.

The agreement the fourth in the last three years, will open the way to a further rescheduling of the country's official and commercial debts.

It will also facilitate funding of Senegal's new four-year 1985-89 development plan. A World Bank consultative group of Western aid donors is due to meet in Paris on December 13-14 to be briefed by the Government on the plan's main guidelines.

Mr Toure said that the new IMF agreement would continue to implement measures contained in earlier agreements aimed at stabilising the country's finances and promoting economic recovery.

Several measures including fuel and coking oil price increases, have already been introduced, he pointed out.

However, Mr Toure refused to disclose whether there would be a further increase in the price of rice, the country's basic staple.

Disagreement on this point is understood to have delayed conclusion of the new agreement to succeed the previous

SDR 65m (£51.7m) 12-month one which expired last September.

The Government has raised the price of rice by nearly two-thirds since early 1983 but the IMF is reportedly pressing for a further increase of up to one-third.

The import of 350,000 tonnes a year of cheap broken rice, mainly from Thailand, has been a major disincentive to promoting domestic production not only of rice but other food crops.

Mr Toure, a former IMF official, commented that the reduction of public expenditure and balance of payments deficits as well as the elimination of petroleum and food subsidies were part of the standard IMF prescription.

"But if the dose is too strong or applied too quickly it could kill the patient," he warned.

The capacity of an industrialised country such as the UK to adjust to such an approach was different from that of a developing country like Senegal.

Given that the country's external payments position is unlikely to improve significantly in the short term, Mr Toure said that a rescheduling of the country's official debt over two to three years would be "more realistic."

New Caledonian nickel mine to reopen soon

Societe le Nickel (SLN) will re-open its mine at the New Caledonian town of Thio within a few days following the lifting of blockades by militants seeking independence for the French colony, the company said yesterday.

Production from the smelter had not been affected because stocks of ore had remained high during the 20-day closure, the company said.

Jurek Marth wrote: The New Caledonian authorities said yesterday that they had detained a settler of mixed blood suspected of firing a shot part in last week's ambush that killed 10 Melanesian islanders. They said they believed seven men had been involved in the incident.

Meanwhile, the island remained tense, and M Edgar Pisan, France's special envoy, continued his talks with New Caledonian leaders in an effort to restore law and order.

They are also discussing mechanisms which could lead to eventual independence, a proponent strongly resisted by the local French community.

With the roadblocks coming down, local news coverage is focussing on the plight of the French settlers, whose property and livestock appeared to suffer greatly during the unrest.

Sri Lanka imposes curfew

BY PETER BLACKBURN, RECENTLY IN DAKAR

A 61-hour curfew, the longest in Sri Lanka's history, came into effect in the Jaffna and Kilinochchi districts in the north, at 5 pm yesterday, writes Mervyn de Silva in Colombo.

The Government gave no reasons for the move but said several GCE O-level examination centres in the Jaffna area had to be closed after Tamil separatist rebels hijacked a bus transporting exam papers and disrupted work at many centres.


In another move, the Govern-

ment extended the prohibition "no-go" zone to include Mannar, in the north-eastern part of the country.

Meanwhile, General Vernon Walters, President Regan's special envoy, held a second round of talks this morning with President Junius Jayewardene and national security minister Lalith Athulathmudali.

The talks centre on a Sri Lankan request for more arms aid from the U.S.

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AMERICAN NEWS

Shultz defends use of force as integral part of diplomacy

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR GEORGE SHULTZ, the U.S. State Secretary, has resumed his debate with Mr Caspar Weinberger, the Defence Secretary, over the proper use of U.S. force, asserting that there can be no guarantee of public support in advance of American military action.

Without referring directly to Mr Weinberger, Mr Shultz took issue with the Defence Secretary's contention on November 28 that "There must be some reasonable assurance we will have the support of the American people and their elected representatives in Congress" before engaging U.S. combat forces.

In a speech to a Yeshiva University gathering in New York on Sunday, Mr Shultz said that Americans would always be reluctant to use force, which must always be a last resort. "But a great power cannot free itself so easily from the burden of a choice. It must bear responsibility for the consequences of its inaction as well as for the consequences of its action."

In the debate between the two men, which dates from their disagreement over the deployment of U.S. marines in the Lebanon in 1982, Mr Shultz has constantly argued that U.S. power and diplomacy must go hand in hand, while Mr Weinberger has been much more wary of committing U.S. forces without public backing.

In his New York speech, Mr Shultz said that when the U.S. acted in accordance with its principles and within the

Pentagon budget 'may be frozen'

HAVING given preliminary approval to nearly \$34bn (£22.5bn) in domestic spending cuts, President Ronald Reagan shifts his focus to the Pentagon this week and is expected to consider a plan that would hold most military spending at this year's level, AP reports from Washington.

Mr David Stockman, budget director, is believed to have drafted such a recommendation which would produce savings of about \$5bn.

Mr Reagan is hoping to freeze federal spending at current levels for the 1986 fiscal year, which begins on October 1.

"We know that it's important across the board to see that everyone participates in trying to achieve this freeze," Mr Reagan said last week, leaving the door open for reductions in military spending.

The President ordered his Cabinet last week to come up with \$33.6bn in domestic spending cuts. Another \$5bn in military spending savings would meet the overall \$42bn goal.

Decisions on the Pentagon budget were delayed last week while Mr Caspar Weinberger, defence secretary, was out of the country. Some administration officials have argued against paring the military build-up now, saying it would weaken the U.S. position in upcoming arms control talks.

Mary Helen Spooner, recently in La Paz, on the background to trouble in the mines  
Bleak future for Bolivia's tin industry

THE elderly Bolivian gestured to the faded buildings in the tin mining town of Huanuni, located about 150 miles south of La Paz.

"When we had the revolution here there were miners dead in the streets," he said. "Soldiers as well, but mostly miners, since the army had guns and the miners only had dynamite."

The miners have an average life expectancy of less than 40 years. Their working conditions are among the worst in the world and, not surprisingly, they comprise the most militant labour group in Latin America.

During Bolivia's 1983 revolution, they ransacked the military's arsenal in La Paz and formed their own armed militia. No Bolivian head of state can govern for long without reaching some agreement with this group, but the future for both Bolivia's nationalised tin industry and its 22,000 workers looks bleak.

Since 1976 the state mining company, Comibol, has lost \$110m, with more than half of the loss occurring last year. While total tin production rose slightly last year to 37,201 metric tonnes, the value of Bolivia's tin exports fell by 17.2 per cent and mineral production in general continues to be hampered by work stoppages and a serious shortage of materials and spare parts. This year, Comibol is estimated to have lost two-and-a-half months' production between January and October.

As a partial result of union pressures, Comibol's workforce is disproportionately large, with labour accounting for almost half of operating costs. In contrast, labour costs at other mining companies average about 30 per cent. Out of Comibol's 18 divisions, only one is in the black.

Nearly three years ago, the World Bank offered Comibol a rehabilitation programme aimed at increasing productivity and transforming the state mining corporation into a technically sound financial enterprise. But the project has undergone several revisions as Comibol introduced joint worker-state management. Any concrete steps towards overhauling the company have yet to be taken.

"The World Bank is pretty fed up with Bolivia," said one diplomat in La Paz recently.

Meanwhile, the co-management system, which was implemented less than a year after President Hernan Siles Zuazo took over power from the military, has run into trouble. In the beginning, the authorities had high hopes that the system would give Comibol workers a sense of identification with and responsibility to the company.

The result, however, has been a deterioration in Comibol's already inadequate management and an even greater politicisation of the



Former President Garcia Meza... miners' opposition to his 1980 coup quelled by indiscriminate strafing by the air force.

effort to crush resistance to the takeover. Hundreds of miners were arrested, tortured and executed, while much of their leadership was either killed or sent into exile.

Though the leaders of the miners' union tend to be politically far left of centre, the complaints of the miners themselves tend to be more pragmatic. They concern such issues as faulty equipment, the lack of provisions in Comibol stores, and inadequate public services in the mining communities.

Earlier this year, workers at Comibol's San Jose mine in Oruro, the capital of Bolivia's mining region, became so frustrated with the lack of public transportation that they seized several buses and taxis.

When the authorities appeared to hesitate in taking action against the miners, Bolivian transport workers went on strike. The stoppage ended only after the Government negotiated the return of the vehicles.

Security at the mines can be extremely lax. At Huanuni, two unarmoured miners cheerfully abandoned the old superstition about the danger of women in the mines in order to give a female visitor an unauthorised tour. At the entrance to the tunnel was a small shrine to the Virgin Mary.

A damp and slippery 300 yards inside was another, less benign image. In a small alcove stood the demon god "El Tio," a life-sized clay idol with a grinning devil's face. The miners leave "El Tio" offerings of cigarettes and coca leaves, in the hope that this might ward off accidents.

Two months ago "El Tio" claimed a victim. A young miner fell 130 ft to his death down an ore shaft when the metal grating on which he had been working collapsed. While the incident was not atypical of mining accidents elsewhere, Huanuni workers charged that they had repeatedly complained of the faulty grating to Comibol management.

"Working conditions have not improved much since the nationalisation," a Bolivian mining expert in La Paz admitted. Due to the high temperatures in some of the tin mines, which can reach 40°C or more, workers often do not like to wear their protective masks and thus inhale the dust generated by the drilling.

A Bolivian miner has an estimated 90 per cent chance of contracting silicosis if he has worked underground for 10 years. In mining complexes such as Huanuni, located near rivers, tuberculosis and rheumatism are common. But many miners prefer underground toil to above ground jobs, in view of the higher pay.

"If you're lucky, nothing will happen to you," a Huanuni miner shrugged.

Brazil delays reform of public finance system

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE PLANNED implementation on January 1 of sweeping reforms in the Administration of Public Finance in Brazil is likely to be delayed, due to a belated decision to submit the proposals to Congress for debate and instead awaiting a new over the nature of the proposed changes.

After a spate of criticism that the changes—which will increase legislative authority over government finances, thus reducing future administrative—were being pushed through with indecent haste, President Joao Figueiredo is said to have decided last week that Congress should, after all, be allowed to have its way.

But Congress is now in its long summer recess, so the reforms cannot be debated until March at the earliest, shortly before the next government is due to take office. They are thus likely to be left to the new administration.

All sides recognise that the proposed changes are necessary and urgent. Indeed, one foreign expert caled in to advise on the

reforms described them as essential if inflation is to be beaten.

But stiff opposition to one key proposal, to separate out the functions of the state-owned Banco do Brasil, the central bank, has come from Banco do Brasil executives and employees.

Sr Oswaldo Collin, President of Banco do Brasil, the largest commercial bank in the country and once a powerful force, has publicly opposed the Government's proposals.

His tough stance, which brought him into conflict with Sr Erasme Galveas, the Finance Minister, was backed by tens of thousands of Banco do Brasil employees who launched wildcat strikes in several cities last Thursday and Friday, disrupting the national cheque clearing system used by all commercial banks.

However, the main purpose of the strikes was to protest against the Government's refusal to endorse an agreement reached between bank unions and Banco do Brasil on a wage claim.

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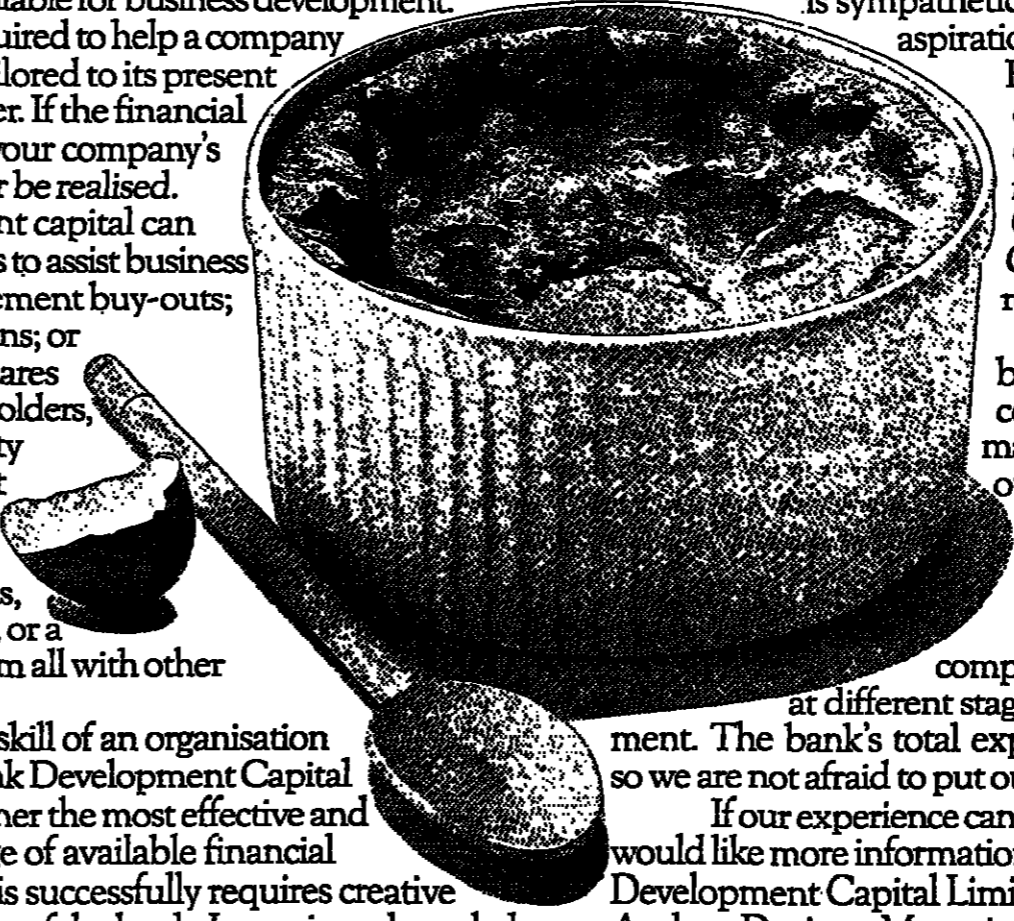
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Grenada poll mandate raises expectations

BY CANUTE JAMES, RECENTLY IN ST GEORGES

MR HERBERT BLAIZE, the new Prime Minister of Grenada, could be forgiven if he accepted the victory of his centre New National Party in the recent general election as a just reward for hard work.

At 66 and silling Mr Blaize, the epitome of moderation, has spent the last two decades always coming second best, particularly to Sir Eric Gairy, the eccentric former Prime Minister.

Clad in a lightweight grey suit and, as always, wearing his grey fedora, he told a crowd of supporters, "This victory is your victory and no-one can take it away from you."

It was the first time in eight years that Grenada's electorate had the chance to vote.

The result was undoubtedly a victory for moderation. For the past two years, the control of Grenada has swung dizzily between Sir Eric's right-wing United Labour Party (ULP) and the socialist New Jewel Movement, led by the former Prime Minister's Cabinet colleagues who escaped the army's firing squad in the coup, received just over 2,000 votes or 4 per cent of the registered electorate.

Clearly Mr Blaize's victory has pleased the U.S. The murder of Mr Bishop prompted the U.S. invasion with token support from several Commonwealth Caribbean countries.

The governments of neighbouring Caribbean islands are also pleased with the election result. Mr Tom Adams, the Prime Minister of Barbados, who brought the NNP leaders together, has publicly welcomed the result. Before the election, Miss Eugenia Charles, the Prime Minister of



Mr Herbert Blaize... his victory has clearly pleased Washington.

Dominica, also expressed support for the NNP.

Mr Blaize faces a difficult year. There have been reports of splits within the NNP over the succession. Two "young Turks" Mr George Brizan and Dr Francis Alexis are known to be interested in taking over.

Sr Eric would be keen to exploit any divisions within the NNP, although both Mr Brizan and Dr Alexis have denied that there are any. Sr Eric has said he expects another election well before the end of the Government's five-year term.

In the longer term, intractable problems have to be overcome in rehabilitating the economy. Its main pillar, agriculture, has been silling. Nutmegs, of which Grenada is the world's second largest producer, are in need of a market.

The loss of a contract with the Soviet Union after last year's invasion has seen local stocks growing to the equivalent of one-and-a-half year's production. Bananas and cocoa are also failing badly. Much is expected from tourism.

With the unemployment rate at 30 per cent, new jobs must be created. Mr Blaize's problem is that his overwhelming mandate has clearly raised expectations for quick improvements.

Never a man to move without studied caution, Mr Blaize might find he has to act with unaccustomed haste.

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### WORLD TRADE NEWS

## McDonnell, Japanese in talks on new aircraft

By Michael Donne, Aerospace Correspondent

McDONNELL-DOUGLAS, U.S. builder of the MD-80 series of twin-engine short-to-medium range jet airliners, is discussing with Japanese companies possible collaboration on a new short-range aircraft seating up to about 120 passengers.

Such an aircraft — which could be either a jet or a "prop-fan" — would be aimed at the emerging market for an airliner smaller than current types of short-to-medium range aircraft (which variously seat up to about 140 passengers), and well below the much-publicised market for 150-seater airliners.

McDonnell Douglas is in the latter contest with its own MD-89, a plan for a jet aircraft seating up to about 173 passengers.

McDonnell-Douglas has not launched any firm venture yet, but the companies are said to include Kawasaki Heavy Industries, Fuji Heavy Industries and Mitsubishi Heavy Industries, and the talks are being held with a view to winning their financial and production co-operation.

The three Japanese companies are already collaborating with the rival Boeing Company in studies on a larger, 150-seat type of airliner for the late 1990s.

At the current stage, the proposed smaller aircraft is envisaged as using "prop-fans" — large turbo-propeller engines of new design — on which much research is under way in the U.S.

Nevertheless, jet engines are not ruled out if prop-fans do not appear to offer the best economics in the time-scale desired.

Speakers at the Japanese companies said in Tokyo that present discussions on the topic were only preliminary.

The fact that the U.S. company has initiated such discussions, however, is indicative of the strengthening interest in the aerospace industries world-wide in an eventual 100-plus seater new technology aircraft.

## Community, Japan finalise accord on VCR ceilings

By ROBERT COTTRELL IN TOKYO

EUROPEAN Commission officials in Tokyo announced yesterday new ceilings to restrain Japanese exports of videocassette recorders (VCRs) to the EEC in 1985.

The main provisions of the agreement are that during 1985, European manufacturers are projected to produce and sell at least 1.4m VCRs in Community countries; that Japan will export no more than 2.25m finished VCRs to EEC countries; and that European plants assembling VCRs deemed to have a "substantial European value" will be allowed to import chassis kits to the level of their existing capacities of 1.7m.

The agreement also provides for Japanese companies to begin the year holding stocks in Europe of some 350,000 VCRs which may be sold in addition to those shipped under the "ceiling" formula.

The agreement represents the final year of a three-year restraint framework fixed between the EEC and Japan in February 1983.

The 2.25m ceiling for finished kits in 1985 is sharply lower than the 3.95m ceiling originally fixed for 1984. The 1.4m permitted allocated to domestic producers compares with a 1.3m allocation made for the current year.

Chassis kits were allocated a ceiling of 1.1m units for 1984, a volume said by EEC officials to be roughly equal to the "existing capacity" formula used in the agreement for 1985.

The terms of the agreement imply total VCR sales to the EEC of some 5m units in 1985. Next year West Germany is expected to become the largest European market for VCRs, taking 1.7m units, according to Macintosh International.

This year, the UK and West Germany are about equal in demand with about 1.5m units. Britain is down sharply from 2.1m last year.

But EEC officials are anxious to maintain a high degree of flexibility in administering the restraint, following the over-optimism with which this year's

levels were drawn up in line with Japanese projections that European VCR demand would total some 6.35m units in 1984.

In practice, VCR demand in the EEC this year is likely to have totalled some 4.5m units. Domestic producers are likely to have sold 600,000 to 700,000 units, or about half the 1.3m projected in the 1984 restraint agreement.

Japanese finished VCR export sales are likely to have been around 3.15m, compared with the original ceiling of 3.95m, while sales of European-assembled chassis kits accounted for the balance, according to European Commission officials' estimates.

The Commission says the 2.25m direct export ceiling will not be raised, but may be lowered if demand undercuts expectations during 1985.

European and Japanese officials plan quarterly consultations on the state of the market, and the Commission says it may seek to adjust restraint levels at the year's halfway stage.

## Malta puts high price on Tokyo trade links bid

By OUR VALETTA CORRESPONDENT

MALTA HAS fixed a high price on Japan's attempts to restore its strained trade links with the island.

Premier Dom Mintoff's Government, which favours countertrade as a measure of whittling trade deficits with a number of trading partners, banned Japanese imports in 1981, complaining Japan has failed to redress its heavily imbalanced trade exchanges with Malta.

The latest available figures show Japan to have sold the island ME17.6m (£29m) in goods in 1981 before the ban was brought into force while, until this year, Japanese purchases hovered at an unimpressive ME209,361 (£350,000).

The extent of Malta's expectations last week shocked a visiting 18-member Japanese delegation.

Malta, the delegates were told, expects Japan to pay the island a financial grant as compensation for the trade surplus

netted over the years.

Additionally Japan was asked to make serious efforts to step up purchases of Maltese goods, bolster the island's shipbuilding and ship repair facilities, allow Maltese investments to participate in Japanese projects, provide the island with free factory machinery and costly research equipment including a submarine, and purchase two de-luxe hotels.

Mr Mitchio Mizoguchi, who lead the Japanese delegation to Malta, claimed the conditions were beyond consideration.

In the first instance, Japan does not compensate countries with whom it registers surplus trade nor does it seek redress from those with whom the balance of trade runs at a deficit.

Second, Mr Mizoguchi added, trade in Japan remains almost exclusively the preserve of the private sector which means most Maltese conditions could not be sanctioned by the Government.

## Seat gains foothold in Nordic market

By Kevin Done, Nordic Correspondent

SEAT, THE Spanish car producer, has gained a foothold in the Danish and Finnish car markets.

Saab-Scania, the Swedish car-maker, is to import two Seat models, the Ibiza and Rondo, through its wholly-owned Danish distributor, and its Finnish importer Scan-Auto, which is jointly owned with the Finnish company Valmet.

The Saab importers in both Denmark and Finland have serious problems in the higher price segments of the car market, which face heavy taxation.

With only limited demand for more expensive models, dealers need a range of cheaper small cars in order to be able to survive. Saab dealers have also sold Polish and Yugoslavian Fiat models.

In the first 10 months of the year 1984, European manufacturers took more than 11 per cent of the market.

## To Atlanta's Shareholders

# Accept the Grovebell Offers NOW!

### You have just received the Atlanta Investment Trust plc preliminary results for 1984:-

#### VALUES\*

Grovebell is offering you a premium of 9.5 per cent over the net tangible asset value of your ordinary shares or a premium of 6 per cent, if you accept cash.

The Atlanta net tangible asset value on 30th September, 1984 was 120.3 pence per ordinary share as compared with the interim figure of 133.5 pence, a decrease of 9.9 per cent.

#### EARNINGS\*

Nearly all the increase in income from the investment trust activities of Atlanta, amounting to £255,000, has been absorbed by related administration expenses.

Earnings per ordinary share have fallen by 4.62 pence per share (a decrease of 93.5 per cent.) in the year to September 1984.

#### DIVIDENDS\*

Atlanta earned for its ordinary shareholders only £13,000 but

has recommended a dividend of £60,000 leaving only £33,000 of distributable reserves.

Accepting Atlanta ordinary shareholders will receive the Grovebell final dividend which is expected to give them an immediate increase of 41.7 per cent over the Atlanta dividend proposed for 1984.

#### PREFERENCE SHAREHOLDERS

Atlanta's preference shareholders are being offered by Grovebell a continued dividend at an increased rate and with better cover.

You have the choice either to continue with Atlanta which describes itself as no longer a traditional investment trust and which has extravagant management and exaggerated expectations of future growth

OR

To accept the Grovebell offers which are very generous.

# URGENT

Acceptances should be received by 3.00 p.m. on Friday 14th December 1984

Atlanta preference shareholders have at least until the 28th December 1984 to accept.

NOTE: If you require a Form of Acceptance and Transfer telephone the Secretary of Grovebell Group plc on 01-588 0041.

\*Price of Grovebell Ordinary Shares (15.5p) is taken from The Stock Exchange Daily Official List as at the close of business on the 7th December 1984. References to Atlanta's Net Tangible Asset Values, Dividends and Earnings per Share are based on the preliminary results published on the 8th December 1984 and on published interim figures.

11th December, 1984

The directors of Grovebell Group plc (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

# MICROCHIP



In just 26 years, Hitachi has sprung to the forefront of circuit technology. From the production of simple transistors for pocket radios, to the development of integrated circuits for data processing, to very large-scale integrations (VLSIs) for super-computers, we've been providing the know-how and products that mark the Electronics Age.

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Today, the results of Hitachi research are in use all around you. Microchip memory devices that store over a million bits of rapidly accessible information on a single 1/2 cm<sup>2</sup> slice of silicon, one of Earth's most abundant minerals. Tiny microcomputers that can control the operation of "intelligent" elevators, locomotives and power-generating equipment. Microcircuitry found in key-type telephones, high-speed printers, display terminals and other electronic office equipment, too.

Hitachi's semiconductor experts are now perfecting methods of etching micron-wide circuits on wafer-like silicon bases to increase chip capacity. They are combining microelectronic design and electron/photo lithography with robot-assisted production processes to ensure a steady supply of high-quality

microchip components.

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#### Even better is yet to come

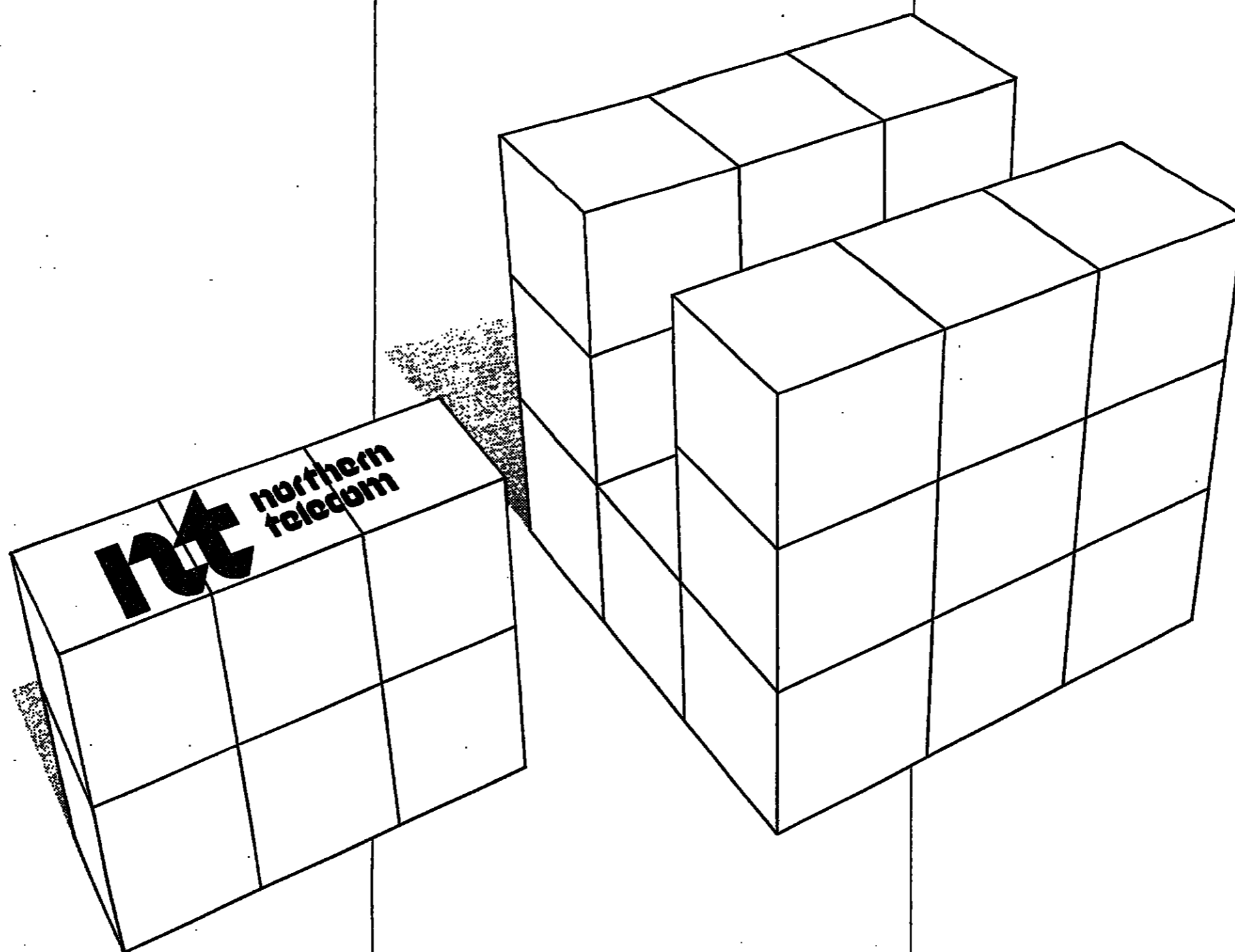
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# NORTHERN TELECOM. BUILDING THE TELECOMMUNICATIONS FUTURE.



In 1976, Northern Telecom announced the Digital World\* changing the course of world telecommunications development. It committed the corporation to being the first to produce a complete family of fully digital switching and transmission systems.

Digital World made obsolete the analogue telecommunications equipment being produced by other manufacturers. In time, and in turn, they followed the Northern Telecom lead. And, they are still following.

Digital World revolutionized the concepts and practices of communications and information management and accelerated the merging of the telecommunications, computer, and data-processing industries. It made possible the future of effective information-management.

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Northern Telecom today is the world's largest manufacturer of fully digital systems and services. It has in service, or on order, the equivalent of nearly 18 million lines of fully digital switching and transmission systems—more than any other company. Northern Telecom is a leader in the development and manufacture of computers and custom large-scale integrated circuits for telecommunications.

It has one of the most proven records in the development of successful and innovative telecommunications software.

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In the United States, the world's largest and most competitive national market, Northern Telecom's DMS\* (Digital Multiplex Systems) Family of digital

central office switches has been sold to, or is in service with all 22 of the U.S. Bell operating companies and all other major telephone companies.

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It was the first telecommunications equipment manufacturer to introduce integrated voice and data capability with its family of SL\* digital PBXs. The SL Family ranges from 30 lines to 30,000 lines and includes the largest digital PBX available. The SL PBXs are in use in 46 countries.

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Northern Telecom's 44,000 employees are based throughout the world in sales and services offices, 39 research and development centres, and 46 manufacturing plants.

With them, and through them, Northern Telecom continues to lead the industry and build the global telecommunications systems of the future.

For more information on Northern Telecom and its products contact: Northern Telecom plc, Berkeley Square House, Berkeley Square, London W1X 5LE. Telephone: 01-491 4599.

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## THE LARGEST SUPPLIER OF FULLY DIGITAL SYSTEMS IN THE WORLD.

## UK NEWS

## Transport union fails to pay court fine

By Raymond Hughes

THE TRANSPORT and General Workers' Union (TGWU) has failed to meet the deadline for payment of the £200,000 contempt-of-court fine imposed on it and may now face seizure of all or part of its assets, estimated at £54m.

Mr Justice Hodgson, the High Court judge who fined the union on November 26 for what he described as "one of the worst cases of disobedience of the orders of the court that there can ever have been," gave it 14 days to pay. That deadline expired at 4.30 pm yesterday.

The contempt proceedings had been brought by Austin Rover, the volume car subsidiary of state-owned BL, after the union had failed to obey a court order to call off a strike by its members at the company's plants. The action was brought under the new Trade Union Act, which requires a ballot to be held before strike action.

Now that the fine has not been paid, the next step would normally be for Austin Rover to return to court and seek leave to issue a writ of sequestration against the union. However, it is understood that the company is reluctant to take any further part in the legal proceedings, since the dispute at its plants has ended, and would prefer the court to deal with the matter itself.

In those circumstances the judge would have two options: either he could require Austin Rover to return to court or he could call in a High Court official, the Queen's Remembrancer.

The first option would involve a public court hearing at which the TGWU would be entitled to be heard. The indications are that the union would not take part - at least in the sense that none of its officials would go to court and it would not instruct lawyers to appear on its behalf.

The judge's alternative option would be to enforce payment of the fine as though it were a debt owed to the court. The Queen's Remembrancer would be instructed to act on the court's behalf as a judgment creditor of the union. He in turn would instruct the Treasury Solicitor to act for him.

One way of enforcing payment would be by sequestration.

## Government underwrites sequestrators' costs

BY OUR LABOUR AND POLITICAL STAFF

THE GOVERNMENT has agreed to underwrite the costs of the sequestrators, accountants Price Waterhouse, in trying to recover the assets of the National Union of Mineworkers (NUM), until the cash is returned.

The official view is that the Government does not expect to have to pay out the money, but it believes it should underwrite possible costs to ensure that the law is upheld.

If and when the NUM funds are recovered and come back under the control of the High Court, then the sequestrators' costs will be paid. The underwriting is intended as an interim measure before the NUM assets are recovered since then the Treasury would be reimbursed for any sums incurred.

So far, the sequestrators' costs amount to £38,000, including £25,000 in Luxembourg.

The Government move provoked an immediate row in the House of Commons yesterday when Mr Stan Orme, labour's energy spokesman, said the Government was interfering in a court judgment in which it was not involved. The Government, he said, had no statutory authority in the matter and he called for an early statement.

Court hearings in Luxembourg and Dublin over funds held there by

banks on behalf of the NUM were adjourned yesterday.

In Luxembourg, where Nobis-Finanz International holds £4.63m of NUM assets, a claim by Price Waterhouse was adjourned until next Monday. Price Waterhouse is seeking the appointment of a judicial sequestrator in Luxembourg to take charge of the funds.

In Dublin, the High Court agreed to add Mr Michael Arnold, the newly appointed receiver of the NUM's funds, as a co-plaintiff with the sequestrators in an action over £2.7m frozen in the Bank of Ireland Finance. That case was adjourned until January 14.

Mr Arnold said last night that his appointment had also been drawn to the attention of EBC (Schweiz), a Zurich bank holding £303,000 of NUM funds. A court in Zurich is expected to rule shortly on the sequestrators' claims for an order freezing those funds.

Mr Michael Eaton, National Coal Board spokesman, yesterday said he could see no chance of new talks with the NUM before Christmas. He accepted that the policy of relying on a drift back to work was a "slow process."

The NCB said that 208 miners returned to work for the first time yesterday. That compares with 234 at the same time last week, and

2,338 when the pre-Christmas return to work was at its peak.

Dr James McFarlane, director general of the Engineering Employers' Federation, said that the only move the NCB could make now in the dispute was to get tougher.

He thought that the Government's handling of the miners in the dispute might be an attempt to follow President Reagan's efforts in the U.S. to discredit and destroy union power in the case some time ago of the air traffic controllers in their strike - although he added that such an objective was probably unattainable in Britain.

The committee of senior Trades Union Congress (TUC) leaders tasked with liaising with the NUM met yesterday and issued a brief statement, saying it was "keeping the situation under close review."

The union leaders, who included Mr Norman Willis, TUC general secretary, were understood to have discussed an approach to Government to restart negotiations with the NUM.

The NUM faces the prospect of more legal action in the courts.

The use of miners' union funds to finance alleged intimidatory action on the picket lines and to support secondary picketing, is to be challenged in the High Court.

## Electricity prices may change for large users

By Maurice Samuelson

THE ELECTRICITY industry is considering big changes in the way some of its largest industrial customers buy electricity after the coal strike is over.

The aim is to meet complaints that although UK electricity prices are now generally lower than elsewhere in Europe, except in France, some key industries using large and continuous electricity supplies remain at a disadvantage.

Under one plan, now at the centre of complicated and delicate negotiations, the National Coal Board would deliver a cheap tranche of coal to power stations, which would pass on the price benefit to specified consumers.

The scheme would assist parts of the steel industry and manufacturers of chemicals or gases such as chlorine or oxygen, which require continuous and heavy loads of electricity of which lower prices are available in parts of Europe.

Another proposal, which has less support among electricity industry officials, is that large users should be able to negotiate their contracts directly with the Central Electricity Generating Board rather than the 12 area boards, which retail most of the country's power.

That is being proposed by fuel purchasers in the UK's most energy-intensive industries, the so-called Energetic Seven - steel, chemicals, textiles, paper, cement, glass and refractories.

At present, the main method of controlling electricity prices by UK industry is by using power at off-peak hours when national demand is low.

The facility is available to all electricity consumers and, so far, the Electricity Council has been reluctant to go further in "tilting" the tariff in favour of large, continuous consumers.

It recognises, however, that the practice, called load management, is of limited value to some large-scale plants. It is therefore considering new measures of helping them without appearing to discriminate unduly against other customers.

## Leading underwriter expelled by Lloyd's after Fidentia probe

BY JOHN MOORE, CITY CORRESPONDENT

THE RULING Council of the Lloyd's insurance market yesterday expelled one of its leading underwriters after allegations and disciplinary hearings of his involvement with an offshore Bermuda-based insurance company.

In the first important disciplinary case that Lloyd's has completed since a wave of scandals hit the market during 1982, Lloyd's has confirmed the penalties of a disciplinary committee that said that Mr Raymond Brooks should be "excluded from the membership of Lloyd's and that his business partner, Mr Terence Dooley, should not be allowed to transact insurance business in the market for a period of one year and nine months."

The Lloyd's council has ordered that Mr Brooks and Mr Dooley should pay £39,868 and £12,153 respectively to meet the cost of the market's disciplinary proceedings.

The Lloyd's authorities found that Mr Raymond Brooks and Mr Terence Dooley, who looked after the affairs of more than 700 underwriting members of Lloyd's, had arranged business with the Fidentia Marine Insurance Company of Bermuda, which they both controlled, to provide financial benefit to Fidentia at the expense of the underwriting members whose affairs they supervised.

Investigators at Lloyd's established that Fidentia gained a net £5.2m, largely through business channelled to it from insurance syndi-

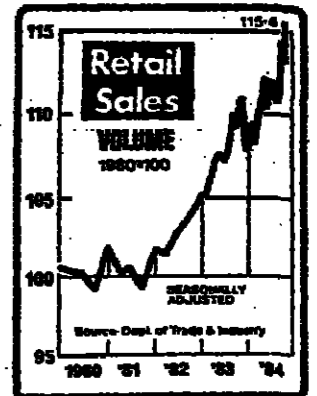
cates into which the underwriting members were grouped. No disclosure of the conflict of interest was made to the underwriting members.

As Lloyd's completed its disciplinary proceedings, a committee representing 280 of the underwriting members of Lloyd's syndicates under the management of Mr Brooks and Mr Dooley wrote to all past and present members of the Brooks and Dooley syndicates to see whether there was enough support for legal action against the two men and their business interests in an effort to recover the £5.2m.

The committee, chaired by Mr Mark Farrer, of Farrer and Co, the solicitors who act for the Queen, believe that about 1,000 underwriting members of Lloyd's could be affected by the troubles surrounding the so-called Fidentia affair. They are seeking to establish a £250,000 fighting fund to mount possible legal action.

Although the committee was recently in talks with the underwriting agency run by Mr Brooks and Mr Dooley to obtain a compromise solution, the indicated offer was regarded as unsatisfactory.

Mr Farrer, a member of Lloyd's, said yesterday that Mr Brooks and Mr Dooley had not realised "that trust law reached into Lloyd's. They did not realise that they were not free to deal with the money in the way that they did. They made secret profits which were not theirs to make."



## Retail spending at peak

By Philip Stephens and David Churchill

SPENDING in the shops rose to a new record last month, and retailers appear confident of another surge in sales in the run-up to Christmas.

The Department of Trade and Industry said yesterday that the volume of retail sales rose by 1.7 per cent in November, taking the level to 4 per cent above the same month in 1983.

That sharp increase in sales, which was foreshadowed in the recent Confederation of British Industry-FT survey of the distributive trades, followed a slight dip in October after the previous record in September.

Government officials believe that the extent of the rise in sales in November may have been slightly exaggerated by shortcomings in the seasonal adjustments, but the figures none the less underline the present buoyancy of consumer spending.

Over the three months to November retail business was about 2.5 per cent higher than in the previous three months and nearly 4 per cent above that in the corresponding period last year.

The Treasury expects the growth in consumer spending to accelerate next year as real disposable incomes continue to rise and the effect on spending of the miners' strike is reversed.

Much of the increased business appears still to be financed on credit. The United Association for the Protection of Trade, the largest credit information agency in the UK, reports that applications for credit by consumers rose by 3 per cent in November compared with October.

## British Steel losses jump

BY OUR INDUSTRIAL STAFF

LOSSES BY British Steel (BSC) in the half year to September went up sharply to £245m against £98m in the corresponding period last year.

Costs attributed to the miners' strike are put at £95m, but at the pre-interest level and excluding the effects of the strike, BSC moved back into profit.

Estimated profits were £27m, against a £39m loss the year before. That puts BSC ahead of schedule on the Government-imposed target of break-even before interest for the year as a whole.

The miners' strike, however, is not the largest exceptional item in the figures. BSC has had to make a £103m provision against its interest in Sidbec-Normines, a Canadian iron ore mining and processing

company in which it has a 41.7 per cent stake.

In 1984, taking iron-ore pellets from Sidbec-Normines will cost BSC some £21m in excess of world prices. Those uneconomic operations in Canada are to be closed, leaving BSC liable to a share of accelerated payments on Sidbec-Normines' mortgage loan.

Production of liquid steel was down 300,000 tonnes at 6.3m, as a result of difficulties in maintaining output in the earlier stages of the miners' strike. Home deliveries of steel were up at 3.8m tonnes, however, although exports were sharply down at 1.1m tonnes against 1.4m.

The drop in exports was the direct result of "sales opportunities foregone as a consequence of the dispute."

BSC says its production and deliveries are now back to pre-strike levels, with the exception of sales to the coal industry, which normally account for some 8 per cent of turnover. Outlook for the second half seems uncertain.

The strong dollar continues to put pressure on costs, and there are difficulties in maintaining price momentum in Europe. The rest of the year may, therefore, be "a more difficult trading period."

Manufacturers' fuel and raw materials prices rose strongly in November for the second consecutive months. Official figures put the increase at 0.9 per cent after a 1.9 per cent rise in October. Much of the increase is attributed to higher energy costs.



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Now Canada's Department of Transport has launched a countrywide radar modernization program that will enable Canada to meet the needs of air traffic control well into the next century.

Raytheon Canada has been selected as prime contractor for the 61 radars which will provide the enroute and terminal coverage across the country. Raytheon Canada will produce the 22 primary terminal radars and Cossor Electronics, Raytheon's British subsidiary, will provide 39 secondary radars. It's one of the largest air traffic control radar projects in the world.

Raytheon is making major contributions to air traffic control the world over. Besides its Canadian work, Cossor Electronics, the inter-

national leader in monopulse radar technology, is also installing monopulse secondary surveillance radar systems in the United Kingdom for civil, RAF, and Royal Navy use and in the Kingdom of Saudi Arabia for the new King Khaled airport. In West Germany, Raytheon developed and produced a highly automated air traffic control system that is the first to integrate enroute and terminal functions.

And in the U.S., which has the world's heaviest air traffic, Raytheon has been selected as one of the two finalists competing to provide sophisticated display equipment required for the FAA's \$10 billion modernization program.

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UK NEWS

# Statoil seeks stake in UK N. Sea sector

BY DOMINIC LAWSON

STATOIL, the Norwegian state oil company, is preparing bids for exploration acreage and oil production in the UK sector of the North Sea. Statoil has until now been confined to exploration and production in Norwegian waters.

Statoil will next week join British Petroleum (BP) in submitting a bid for North Sea Block 29/13b, on offer in the ninth round of UK oil and gas licences which closes on December 17. The agreement between the two companies is that BP will operate and have 70 per cent of the licence, with Statoil holding the rest of the equity.

The Norwegian company had also been involved in discussions with British and Atlantic Richfield of the U.S., but has managed to reach agreement on only one licence group.

The BP/Statoil proposal is for a block only a few miles south of an oil discovery made last year by Premier Consolidated Oilfields, the UK oil company.

To finance its UK investments in a tax-efficient way, Statoil intends to acquire oil production from a North Sea oilfield. It has already been involved in discussions with

Occidental, the U.S. oil company, to acquire a stake in the prolific Piper oilfield. Occidental this year sold 15 per cent of the North Sea Claymore field to a total of 12 oil companies.

The North Sea tax laws allow a company to offset all its UK exploration and development costs against the petroleum revenue tax payable on its North Sea production. Statoil is therefore also considering a deal in which it would swap some of its interests in the Norwegian sector of the Murchison oilfield, for an interest in that part of the field which lies in UK waters.

Statoil said it aspired to becoming an operator in the UK sector, and was also interested in exploring west of Shetland, as well as in the North Sea, but that such ambitions would have to wait until subsequent UK licensing rounds.

Because of changes imposed by the Norwegian Government, Statoil in future has to arrange its own financing of its oil development interests. As a result, Statoil said, it would next year be raising about Nkr 4bn (\$454m) of which Nkr 1.5bn would be raised in the international capital markets, including London.

# Kuwait attacks British oil plan

By Richard Johns

PROSPECTIVE changes in the UK oil pricing system were condemned last night by Sheikh Ali Khalifa al Sabah, Kuwait Minister of Finance and Oil, as "a disaster in the sense that it sets the stage for a price war which Britain can ill afford."

Mr Aliak Buchanan-Smith, Britain's Minister of State for Energy, is expected today to officially clarify the Government's views on how to make sales by the British National Oil Corporation (BNOC) which is responsible for marketing nearly a third of North Sea output, more responsive to downward market pressures. The Government is known to be contemplating a structure which is related to spot market prices.

In the first considered Organisation of Petroleum Exporting Countries (Opec) reaction, the Kuwaiti minister said that the kind of adjustment planned to cut BNOC's mounting losses seemed "designed to forego any responsibility on pricing as they (the Government and BNOC) did on output."

"While such a (spot-related) system looks politically convenient in the short run it could be destructive to the price structure and to the interests especially of high-cost producers," Sheikh Ali Khalifa added.

He expressed confidence in prices over the short-term because of the low level to which commercial oil stocks had been run down.

He declined to give any details of the agreement reached in Kuwait at the weekend by a group of Opec ministers on a revision of the system of Opec differentials. He emphasised, however, that the "essential element" of the proposals to be submitted next week to a full Opec ministerial conference in Geneva would be a regular, quarterly review.

The increasing discrepancy, in terms of demand, between light and heavy Opec crudes has been a big cause of instability for the market. The Kuwait meeting, chaired by Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, decided to recommend that the price of Arabian Light, Opec reference crude, should remain unchanged at \$29 a barrel.

Opec accord in doubt, Page 4; Crisis at BNOC, Page 18; See Lex, Page 20

# British tax regime said to offer haven for overseas companies

BY PHILIP STEPHENS

BRITAIN'S company tax regime is among the most favourable of any developed nation, according to a report published today. It says there is considerable scope for overseas companies to use the UK as a "tax haven."

The report, The UK as a Tax Haven, published by the Economist Intelligence Unit, says British tax law gives substantial advantages to companies operating within the country and those using it simply as a tax base.

For the latter group, the UK is as good or better than traditional tax havens such as the Cayman Islands and Luxembourg.

Under British law, a company set up in the UK with non-resident status is free of all liability to UK tax on overseas earnings as long as it has its management and control outside of the UK, the report says.

Such companies may also take advantage of Britain's huge network of taxation agreements with other countries, allowing them to reduce or eliminate tax on dividend, royalty and other types of payment between countries.

The report argues that the tax regime applied to companies doing business in Britain, whether domestic or foreign, is also among the most advantageous in the industrialised world.

Corporation tax is relatively low, despite the elimination of some capital allowances in this year's budget, while there are no state or municipal taxes on profits and there are large tax reliefs on inheritance.

That regime, the report says, is coupled with a wide range of direct government incentives such as cheap loans, grants, state-owned factories and employment subsidies.

It adds that apart from the intentional incentives designed to stimulate industry, many more have arisen through the inventiveness of tax advisers in finding advantages not envisaged by the Government.

# Defence deal with U.S. may end arms purchase dispute

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITISH and U.S. defence officials will sign a contract on Thursday which is expected to bring a temporary end, at least, to one of the longest-running disputes between the two countries over the purchase of defence equipment.

The U.S. Army has agreed to buy initial quantities of the 81mm mortar, which is made by the state-owned Royal Ordnance Factories (ROF) and has been in service with the British Army for over 20 years.

The contract, which will be signed in London by Mr Adam Butler, a Defence Minister, and Dr Jay Sculley, U.S. Assistant Secretary of the Army, is worth £3.1m. According to a statement from the ROF, the contract might lead to future sales worth "several hundred million pounds."

Much of the work on the initial contract will be carried out at the ROF's Nottingham and Glascoed, Wales, factories. The U.S. Army has a requirement for several thousand mortars and about 2m mortar bombs, mainly for use by its Rapid Deployment Force.

A contract for the work would be of vital importance to the ROF, which, in the run-up to its privatisation, is shedding nearly 2,000 of its 18,000 workforce.

There was some scepticism last night in defence circles as to whether Thursday's small deal would be followed by a larger one, principally because of the history of the project. Britain was invited to bid for the U.S. mortar requirement in 1975, after the signature of a memorandum of understanding with the U.S. that was designed to improve the so-called two-way street in defence trade between the U.S. and its European Nato allies.

Although the mortar was already in service with many armies around the world, the U.S. Army spent nearly nine years re-testing and developing the weapon.

The delay caused bitterness in Whitehall and there are fears that a large contract might fall prey to the sort of nationalistic pressures from the U.S. Army and from Congress that delayed the first.

# Laura Ashley rejects Netherlands project

BY ROBIN REEVES, WELSH CORRESPONDENT

BRITISH industrial aid has beaten off stiff Dutch competition for a £7m expansion project by the Laura Ashley fashion and design group.

Mr John James, the group's managing director, announced yesterday that the company had decided to go ahead with a new textiles printing plant at Newtown, Powys - a few miles from its Carmarthen headquarters in Mid-Wales - rather than in the Netherlands.

Although the UK incentives did not quite match a £2.3m offer from the Dutch Government, "it was near enough to tip the balance" he said.

The new plant will increase the group's textile and wallpaper finishing capacity by some 50 per cent.

Mr James said that as well as the financial aid eventually offered by the UK Government - after the threat of the Dutch move was publicised - a significant influence had been the promise of very rapid construction of a 12,000 sq m factory, plus infrastructure, by Mid-Wales Development (MWD), the region's economic promotion agency.

MWD would be starting work in January, making it possible to meet the company's deadline for

commissioning of the plant at the end of 1986.

Mr James disclosed that a last-minute offer of even more aid from the Netherlands had been made at the end of last week. That was rejected after it became clear that it would be tied to equity participation in Laura Ashley by the Dutch authorities.

The threat of the project's going to the Netherlands arose primarily from Mid-Wales's loss of assisted-area status in the 1979-1982 round of regional-aid cuts.

The Department of Trade and Industry has overcome the difficulty by offering maximum assistance under Section 8 of the 1972 Industry Act, providing for aid outside assisted areas for "internationally mobile projects." The Welsh Office has also given generous selective financial assistance under the Act towards an additional sewing factory, which the Laura Ashley group is to establish in North Wales at the same time.

The location of the North Wales factory has still to be decided, but, between them, the two projects will create about 500 new jobs.

Laura Ashley has grown in the past two decades from a husband-and-wife team into an internationally famous business

# Dixons unseats Curry family in boardroom

By Charles Batchelor

DIXONS, the electrical retailer, has removed all six Curry family members from the Currys Group board just five days after announcing the success of its bitterly contested £248m takeover bid. It has paid them compensation totalling up to £400,000.

The Dixons move brings to an end 100 years of Curry family control, although dozens of family members are still employed at line management level and lower down, Mr Stanley Kalmus, Dixons' chairman, said.

There are no plans to ask any of those people to step down. "We hope most of them will stay," Mr Kalmus added. "We do not have the right to ask them to leave because they are members of the Curry family; they will be judged on their performance."

In the early stages of its bid battle, Dixons said there would be a place in the merged group for Curry family members who wanted to stay and who met Dixons' standards.

As the contest developed to its climax at a two-day High Court hearing last week, however, it became clear that senior Currys executives were unlikely to stay if Mr Kalmus was victorious.

# Government cuts back export credit schemes

BY CHRISTIAN TYLER, TRADE EDITOR

THE GOVERNMENT is expected shortly to announce further belt-tightening measures at the Export Credits Guarantee Department (ECGD).

Mr Paul Channon, Trade Minister, is believed to have decided to phase out two schemes under which short-term export credit given by banks to the UK customers is guaranteed by the ECGD.

One scheme guarantees repayment of loans of under two years extended to exporters against promissory notes and bills of exchange, the other underwrites credit of up to six months on companies' open account trading.

The insurance of trade between UK companies and their own subsidiaries abroad may also cease. Short-term bank guarantees, used mainly by small exporters, have become less popular over the years. Only about £500m of exports annually are covered in that way

and there are some 1,200 policy holders. The minister has apparently rejected the ECGD's own recommendations on short-term bank guarantees and wants to phase the schemes out over two years. Last night, however, the ECGD said a review of all the bank guarantee schemes was still in progress and no final decision had been taken. It also denied that any announcement to parliament was imminent. Earlier this week the ECGD told customers it was raising considerably the cost of another of its facilities: the insurance of exchange-rate risks faced by large contractors when tendering for overseas projects in foreign currencies. It is also expected to modify or scrap cover for trade in which British companies are involved but which takes place entirely outside the UK.

# Air inquiry clearance

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE OFFICE of Fair Trading (OFT) will be able to investigate anti-competitive behaviour in the airline industry as a result of new powers being conferred by the Government.

Those were foreshadowed recently in the Government's response to earlier recommendations by the Civil Aviation Authority on the future regulation of civil aviation.

Under the new powers, announced yesterday, the Director-General of Fair Trading will, from January 1, be able to study, and if necessary refer to the Monopolies Commission, anti-competitive practices relating to international charter flights, and ask the commission to study monopolies in domestic and international air transport. The aim is to prevent unfair be-

haviour by any one significant airline or group that, because of its size, might dominate the market to the detriment of other, smaller, operators.

In the debate, last summer, on future civil aviation regulation, the fear was frequently expressed that British Airways (BA), and its holiday subsidiary, British Air Tours, once privatised might use their dominant market power to stifle, if not eliminate, small operators.

The independents' main fear was that the BA group, on its scheduled and holiday charter flights, could manipulate the market in its favour by offering fares that were "predatory" - unfair - and thus deprive the independents, including the specialist holiday operators, of business.

# R.T.Z. Industries Limited is now R.T.Z. Pillar Limited

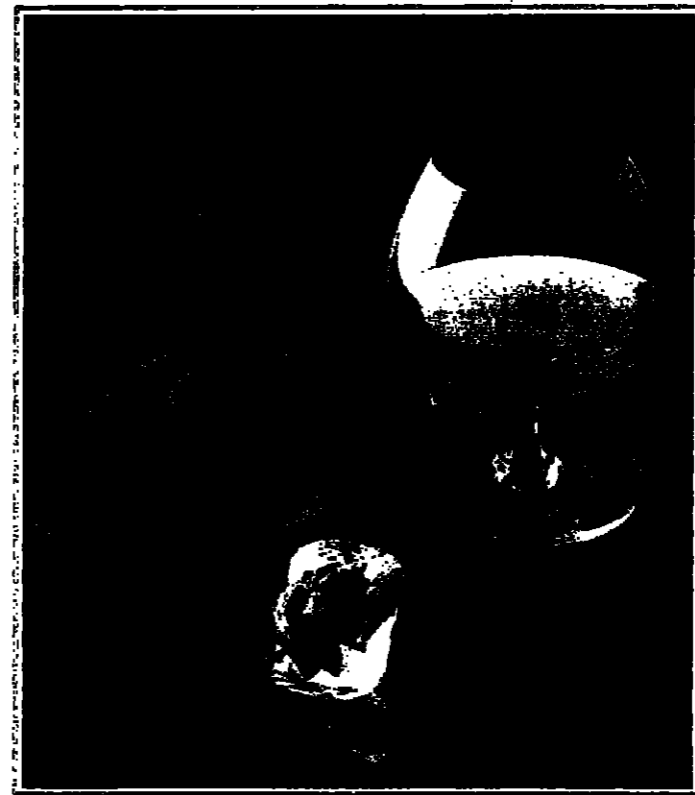
R.T.Z. Industries Limited has changed its name to R.T.Z. Pillar Limited.

The main operating groups, which remain unchanged, are the Pillar Aluminium Limited and Pillar Engineering Limited groups in the UK, the Indal Limited group in Canada and the USA, and the Pillar Pacific Limited group in Australia.

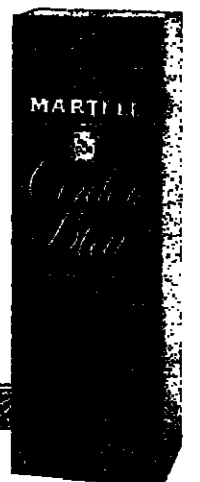
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## TECHNOLOGY

U.S. CONGRESS REPORT SAYS LOW COST OPTIONS SHOULD BE CONSIDERED

## New ways to build space stations

BY PETER MARSH

AMERICAN SPACE engineers have failed to take account of low-cost technology alternatives in pursuing plans for a grandiose orbiting outpost for the 1990s, according to a watchdog body of the U.S. Congress.

The Office of Technology Assessment (OTA) says in a recent report\* that the National Aeronautics and Space Administration has placed all its weight behind securing approval for a large, expensive space station instead of considering cheaper ways to achieve equivalent goals.

Nasa obtained approval from President Reagan in January for an \$8bn manned station to enter orbit by 1992. Western Europe, Japan and Canada are considering whether to join the project, perhaps by building extra space units that could be added to a central U.S. core.

The space station will house docking modules for satellites and laboratories for work in gravity free conditions, for instance in materials processing and biological studies. It will also act as a platform for studies of the Earth's surface and other bodies of the solar system.

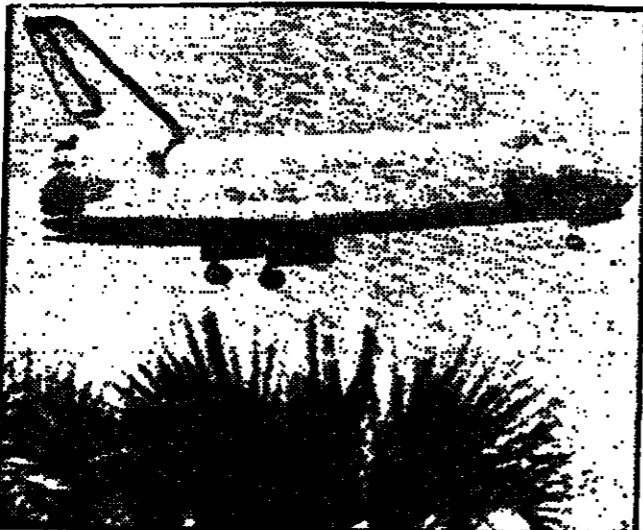
The various modules would be linked, perhaps in a star-shaped structure, to a central core containing key elements such as power systems, main computers and accommodation units.

According to the OTA, Nasa has been over ambitious in opting for an advanced-technology base that will have many applications. "As a consequence, it (the space station) must contain a large number of sophisticated and costly elements and there is considerable difficulty in setting objective acquisition priorities among them and acquisition schedules for all of them."

A better route, the report suggests, would be for engineers to identify specific goals that are required from work in space. These goals could then be achieved in stages with the aid of technical solutions that have already been developed.

"As much as is reasonably possible, already developed, tested and paid-for technology would be used to achieve an adequate initial operating capability, with development of new technology undertaken only where demonstrably required to lower overall costs of ownership."

The OTA researchers say the cost of establishing an initial



The shuttle could carry lower priced technology to build tomorrow's space stations if Nasa takes account of a Congress watchdog report.

operating base using mainly developed technologies could be one third to a quarter of the \$8bn budget envisaged for the space station. Other elements could then be added incrementally as required.

According to the report, Nasa could attempt to reduce costs in other ways, for instance by obtaining greater participation by other countries which would introduce their own technical solutions.

The report lists the complex technical issues that must be tackled in designing a manned orbiting base along the lines envisaged by Nasa:

- Data management. Computers and other electronic systems would have to keep track of communications traffic between the station, ground bases and other orbiting elements such as space shuttles and crew members on space walks.

- Communications. A number of communications links would be required using portions of the electromagnetic spectrum that do not interfere with other users. Systems would be needed to keep track of loose space debris such as tools and for navigation using interferometry or laser-radar (lidar).

- Attitude control. To communicate with the ground and other space elements, the station must be kept in a stable position in space. Any tumbling or uneven movement could cause structural damage to the

- Power. A space station would be a major consumer of power, requiring perhaps several hundred kilowatts to satisfy the requirements of laboratory and scientific instruments plus the systems to keep the base in operation. To provide enough power, scientists would have to investigate new forms of solar arrays as well as on-board energy systems such as nickel-hydrogen batteries and fuel cells.

- Thermal energy management. Space systems develop much surplus heat which has to be irradiated safely out into the cosmos through devices such as radiators. For a large body, such as a space station, this represents a big technical challenge. A heat-rejection system based on the radiator used in the shuttle would require 6 km of tubing and more than 75 valves and other technical segments that carry away heat with fluids.

- Propulsion. No one expects the space station to move very far in space under its own propulsion system. It would stay for most of the time in one orbit a few hundred kilometres above the earth. But small thrusters would be required for attitude control and to make small changes in orbit. New

- Life support. To keep a crew of up to eight people happy and in good health may need a lot of technical development for instance in food storage and preparation.

- Extended shuttle missions. The space shuttle can stay in space for no more than 10 days, mainly because it carries insufficient fuel cells to provide power for longer missions. Engineers could convert the shuttle fleet to carry more cells, which would add to operating costs because of the greater weight. To transform one shuttle in this way would cost \$100m-\$200m. Alternatively, scientists could add solar-arrays, other changes required to equip a shuttle for long-duration scientific missions of up to 60 days would entail adaptations to its accommodation space and servicing elements. A fully adapted shuttle could cost \$2bn.

- Space-lab development. Space-lab is a reusable laboratory built by the European Space Agency (ESA) for shuttle flights. It is carried in orbit inside the shuttle's cargo bay. Engineers could develop it for longer flights, either as part of the shuttle structure or as an independent "free flyer." The latter, more ambitious route would cost \$1bn.

- Minimum-cost space station. Nasa's own engineers, at the organisation's Marshall Space Flight Centre in Alabama, have produced a design for a cheap version of a space station based on Spacelab modules that would cost \$2bn-\$2.5bn.

- Application of shuttle external tank. The main propellant tank of a shuttle is normally jettisoned after the fuel in it has been consumed. Various studies, one from Hughes Aircraft, have proposed using the empty modules as elements of a manned space station.

- Unmanned platforms. Some scientists question the need for people to be aboard a space station. Unmanned platforms could carry instruments for scientific studies and observation of the earth.

- Civilian Space Stations and the U.S. Future in Space. Office of Technology Assessment, Washington DC.

systems based on cryogenic oxygen and hydrogen fuel may be required.

● Life support. To keep a crew of up to eight people happy and in good health may need a lot of technical development for instance in food storage and preparation.

The OTA has proposed alternative ways to establish a prolonged manned presence in space with less complex technical solutions:

- Extended shuttle missions. The space shuttle can stay in space for no more than 10 days, mainly because it carries insufficient fuel cells to provide power for longer missions. Engineers could convert the shuttle fleet to carry more cells, which would add to operating costs because of the greater weight. To transform one shuttle in this way would cost \$100m-\$200m. Alternatively, scientists could add solar-arrays, other changes required to equip a shuttle for long-duration scientific missions of up to 60 days would entail adaptations to its accommodation space and servicing elements. A fully adapted shuttle could cost \$2bn.

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activated and controlled by the passer-by who has access (via the keypad) to any parts of the disc which are of interest.

One of the commended entries in the Philips Awards was an example of point-of-sale, ironically using Thorn EMI's rival VHD disc system. Made for Austin-Rover, the programme was launched at this year's Motor Show in Birmingham. A conventional opening sequence featuring Denis Norden invites the viewer to decide what kind of car he or she wants—viz price range, hatchback or boot, high performance, low petrol consumption or what. In response (via the keypad) to such questions, the viewer is led step-by-step into other parts of the disc until

revolves around defective eyes supplied to a teddy bear manufacturer. The "witness" has the opportunity, through the disc, to call up all manner of visual information—even laboratory tests which provide quantitative measurements of metal fatigue.

The string of applications is growing daily. Lloyds Bank is due to install a network of video disc players in branches throughout the country, and has already made programmes for training cashiers and improving the communication skills of banking staff. The Manpower Services Commission is testing its own video disc project at 42 Jobcentres—a programme with four parts: Getting You Working Again, Health Problems and Disability, Working for Yourself, and Successful Job Hunting. Here could be the ideal way of reviving interest for those who have lost hope, because all experience suggests that interactive video can involve the viewer in a strangely personal way: the Inland Revenue's Taxaid disc, which features a young lady who helps the user with income tax queries, has actually evoked a spoken "thank you" from members of the public observed using it.

In this new market, Thorn EMI—supporting the JVC VHD video disc—is struggling. Although VHD is being used in some of these applications, the optical disc is emerging a clear favourite. But one morsel of good news for VHD last week was the unveiling of a video disc jukebox—a leisure market venture by Taitel Electronics and Thorn EMI.

At least interactive video is thriving in Britain. The organisers of the recent London conference—EPIC Industrial Communications—are now one of the world leaders in the technology. Many other British companies have been set up to exploit the market, and the Department of Trade and Industry is giving vigorous support (and money) to sustain a British lead. Only the US, and to a lesser extent France, are serious competitors so far.

Interactive video is also the perfect trigger to set off consumer interest in the video disc. At last the public now has a way of discovering how the video disc is different and can provide a totally new audiovisual experience.

## Boom time for interactive video

## Video &amp; Film

BY JOHN CHITTOCK

THE VIDEO boom of the last four years was prophesied, by a few dedicated believers, over 10 years ago. Now it is levelling out. Many missed the bandwagon through early caution or sheer disbelief, but the good news for them is that another video boom is gathering momentum and could be highly profitable.

The bad news is that a surprising number of new companies have already spotted this particular bonanza and it is beyond the intellectual grasp of the failed car dealers and scrap merchants who gave video such a seamy image.

The new boom is not concerned with Hollywood movies, pornography or pirated cassettes but with interactive video—the technology which makes pictures (still or moving) as accessible as printed words in a book. And like a book, allows the viewer to "flip" through its pages, browsing; or to look up items by specific indexing but at a much quicker speed than turning pages.

The classic example, recently featured in this column, is the forthcoming BBC Domesday project. This, like many interactive projects, is based on the video disc and uses a micro-computer to permute any sequence of image-displays to suit a variety of needs. It will also generate additional captions (as videotex) to supplement those on the disc. The computer-stored information not only extends the capacity of the disc but can be kept as a separate level of up-datable information.

The arrival of the interactive video boom is manifesting itself in a variety of ways, and surfaced very publicly at the recently held Interactive Technology Briefing in London. This conference featured the first Interactive Video Disc Awards, sponsored by Philips, and assembled the most impressive array yet seen in Britain of hardware systems, programmes, producers and users.

The two front-running applications for interactive video are training and public information displays, especially for point-of-sale purposes. The latter is now appearing in a variety of locations—estate agents, Mothercare shops, some Co-op stores, even a chain of newsgagents who are planning a 24-hour display by installing touch-sensitive keypads behind the glass of the shop windows—

finally arriving at a sales demonstration of the Austin-Rover model which conforms to the chosen parameters.

The Austin-Rover disc display will be used by selected dealers in Britain—one of various opportunities now emerging for the public to acquaint themselves with interactive video. Another, and one of the award winners in the disc competition, is IBM's demonstration to promote its personal computer. This interactive programme uses a full box of tricks, including a touch-screen TV monitor so that customers can call up any part of the programme merely by touching the appropriate word or picture displayed on the screen.

The potential IBM customer can use the programme to explore the basic concepts of computing, find out specific information on hardware and software, even have access to a visual dictionary. The programme has been produced in eight languages and will be used by computer dealers in 22 countries.

The Open University is another convert to interactive video and scooped top honours in the awards for its so-called "Teddy Bear" disc. Made for use in a materials science tutorial, it places the student in the role of an expert witness in a court case—which all

interacts around defective eyes supplied to a teddy bear manufacturer. The "witness" has the opportunity, through the disc, to call up all manner of visual information—even laboratory tests which provide quantitative measurements of metal fatigue.

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THE TEXTILE and other industries could save energy with an air curtain system developed by the Shirley Institute. The Department of Industry, British Technology Group and European Community funded the system which is for continuous process ovens.

BTG has licensed Sir James Farmer Norton & Co to manufacture and sell the air curtain. The original equipment was developed for "scissors" which opens stretched finished fabrics. A double air curtain ensures that nothing touches the cloth while in the oven. A micro-processor controls the air flow within the oven maintaining the correct pressure differential.

**Robots**

**Injection moulding**

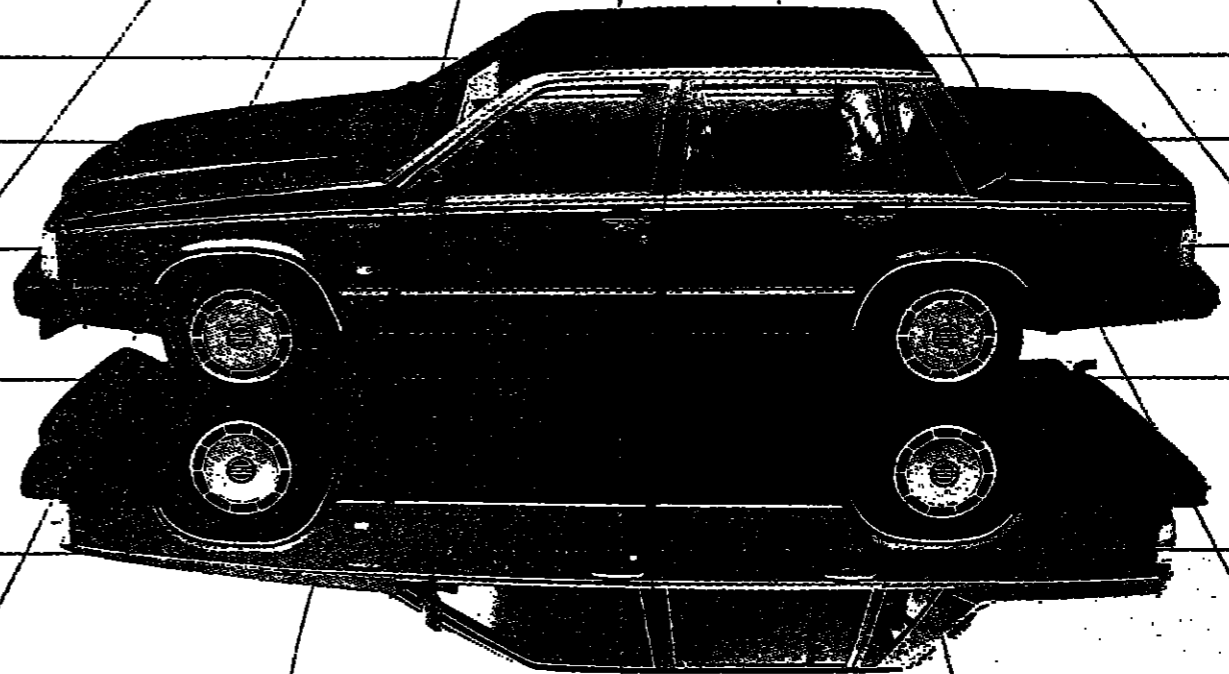
PRESSFLOW of Willenhall, West Midlands, has developed Micron G, a robot primarily for use with the smaller sizes of injection moulding machine in the plastics industry.

Micron G works primarily in a vertical plan with boundary dimensions of 700 mm (vertically) and 1,200 mm horizontally. A small sideways motion of 25 mm is provided.

The jaw or gripper is mounted on a pneumatically driven vertical-motion head which moves horizontally on rails, also by pneumatic power.

The complete assembly is designed for bolting direct to the upper surface of the stationary platen on the injection machine, but can be supplied for other locations. More on 6962 726871.

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# FINANCIAL TIMES SURVEY

Tuesday December 11 1984

The oil is flowing from the UK's latest offshore field.  
Central to the project is an experimental £1bn floating platform  
whose use charts the way for much deeper exploration

## HUTTON FIELD

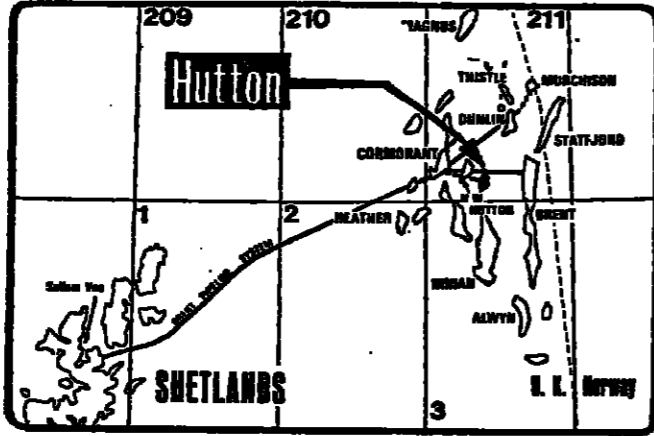
Future technology moves closer

By Dominic Lawson

THE HUTTON oilfield, 90 miles north east of Shetland, is the latest of the UK's offshore oilfields to come on stream, producing 90,000 barrels a day of crude oil. The total recoverable reserves of 200m barrels, lying 9,700 feet below the sea bed, are modest by the standards of earlier North Sea oil developments. Yet, the Hutton field development has been as closely monitored and discussed as any of its predecessors.

This is because of the unique development method chosen by the field's operator, Conoco, the U.S. oil company subsidiary of Du Pont, the world's largest chemical company. Conoco has developed the field by using the revolutionary tension leg platform (TLP). Unlike conventional platforms, which sit on the sea bed, the TLP is a floating facility moored vertically to the sea bed by tubular steel tethers. Buoyancy in the platform's hull creates an upward force which holds the legs under tension in all weather conditions.

The earliest investigation of the TLP concept was probably that carried out by German scientists during the second world war, according to Mr Tom Marr, Conoco's projects manager, and the man in charge of the Hutton TLP project. The Germans had the idea that such a tethered platform positioned some way off the French coast,



would give them an early warning of an invasion. However, Conoco's introduction to the concept was in 1971 when 13 of the world's biggest oil companies launched a joint investigation into the means of developing oilfields in unprecedentedly deep waters. Rudimentary models of the TLP were tested as part of that programme, and clearly made a big impact on Conoco's thinking.

The Hutton field was discovered as long ago as 1972, and Mr Marr recalls that he made a presentation of a possible development of the field to the Conoco main board at the end of 1974.

But, at that time North Sea construction costs, in the words of Mr Marr "went crazy." U.S. interest rates were 18 per cent.

Conoco was already deeply committed to the development of the giant Norwegian North Sea Statfjord field, and, to cap it all, oil prices were \$14 a barrel. The board asked "what happens to Hutton if the oil price falls to \$7 a barrel?" Mr Marr recalls.

So, Hutton had to wait, and Conoco's first UK North Sea oil field development was the Murchison field, discovered in 1975. Murchison's reserves are twice those of Hutton, and the reservoir has none of Hutton's faulted complexity. But, the development of Murchison, on time and within budget, clearly represented a boost to the chances of persuading Conoco's main board to approve future development of the neglected Hutton field.

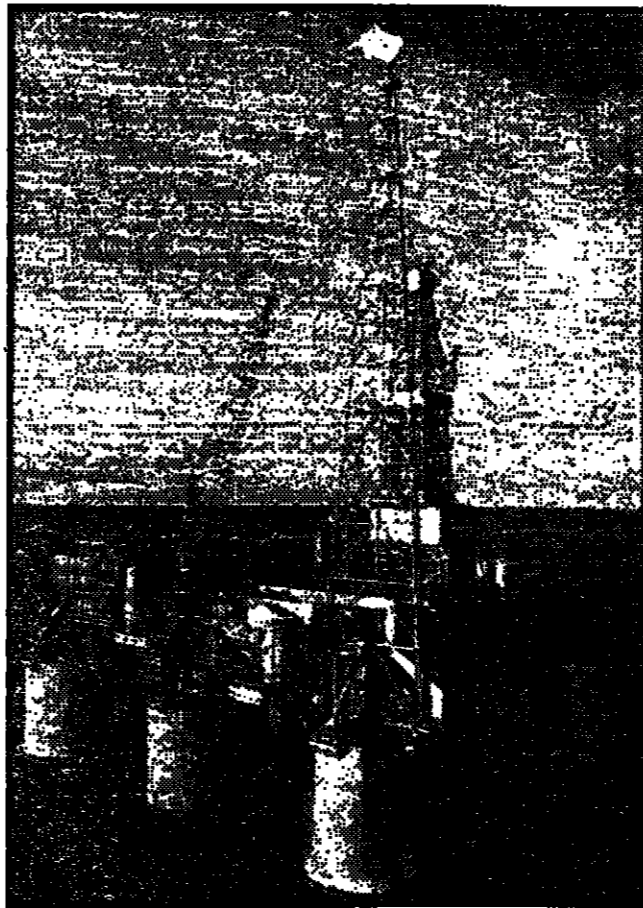
By the end of 1976, the Conoco board had come round to the idea of developing Hutton by means of the tension leg platform. In fact, the field stands in only 485 feet of water. This is deep, but still well within the range of conventional platform technology, as British Petroleum's Magnus field development has shown.

But, Conoco was swayed by long term considerations, which went beyond the Hutton project itself. The British Government, then as now, was preparing to license areas of unprecedentedly deep waters in the North Sea. If developments in those murky depths were to be assessed, it would make best sense for any would-be developer to gain a practical experience of the type of technology that might be required.

For the other major partners in the Hutton field — Britoil, Gulf and Amoco—this strategic thinking may well also have been a factor. But for some of the other smaller partners with less ambitious designs for the future, there must have been severe doubts about embarking on a completely untried and experimental method of development, when conventional methods would have probably led to a satisfactory rate of return.

### Outvoted

Mr Marr admits frankly: "I don't see how the smaller partners could have been anything other than worried. They were outvoted, and were dragged into it." The TLP plan was submitted



Hutton's tension leg platform. Though more expensive to build than a normal fixed platform, the design minimised the need for major assembly work in the exposed North Sea.

to the UK Energy Department in January 1980, and approval was received in August of that year.

Mr Marr is equally candid about the outcome. At a total cost of about £1bn, the Hutton TLP project was probably about 15 per cent more expensive than would have been a traditional fixed platform development. He concludes: "If we were to do another development in 485 feet of water, I'm sure our partners might want a fixed structure, but it's not an economic tragedy by any stretch of the imagination." Moreover, Mr Marr argues that, if it were done again, Conoco could cut the cost by about 15 per cent.

Starting from scratch, Conoco and Bechtel (which took over the day-to-day administration of the project) were confronted with the problems of prototype design. The flex joint for the 16 high tension steel legs was developed after discarding no fewer than 18 prototypes.

Says Mr Marr: "I am afraid we were proved over-optimistic. There was more prototype development than we thought and prototype development can cost as much as five times more than off-the-shelf technology."

In the design stages of the project the two key firms were Brown and Root, and VO Offshore. During this phase, the companies made available 800 staff for work on the Hutton project.

The next stage—construction and fabrication—was allocated to UK yards, with the hull fabrication going to Highland Fabricators at Nigg Bay, and the deck fabrication to McDermott's yard at nearby Ardersier.

Cracks which appeared in the steel under fabrication at Nigg caused a delay of eight months. Says Mr Marr: "We disagree with Highland Fabricators about whether the cracks were caused by design or fabrication. We certainly didn't design the

### From fabrication to production

#### THE KEY DATES

May 10: Tow out of the 27,000-tonne hull from Nigg Bay to the deep water mooring site in the Moray Firth.  
May 11: Tow out of the 18,000-tonne deck begins from Inverness Firth.  
May 12: Hull ballasted down while the deck section is floated over it. (The hull is then deballasted, lifting the deck clear of its barge.)  
May 13-July 7: Hull and deck welded together; platform systems hooked up.  
July 8: The completed platform starts its 254-mile journey to the Hutton field.  
July 12: Connection of the

first four tension legs to their seabed moorings begins.  
July 13: The platform becomes a TLP proper, when the first leg in each corner is brought into tension, so that the platform is no longer subject to the vertical movement associated with conventional floating structures.  
July 15: Installation completed, work starts on the final assembly of the pipeline riser, and linking up of the pre-drilled wells to the platform's oil production facilities.  
August 6: First oil flows, and builds steadily to the planned peak output of around 90,000 b/d within seven weeks.

cracks. We argue that it was a welding problem." Mr Marr insists, however, that Conoco and Highland Fabricators have settled their differences, and that Conoco would be perfectly happy to place future fabrication contracts with Highland Fabricators and McDermott.

However, much of the lost time at Nigg Bay was made up by the short length of time between completion of fabrication and first oil.

One of the key features of the TLP is that most of the construction and hook up work can be completed in sheltered inshore waters. This minimised the need for major assembly operations in exposed North Sea conditions after the platform is in place. The TLP began production only 22 days after being installed over the Hutton field and the period between fabrication and production was under three months, a two-month gain on the time allotted to the operation.

Mr Marr points out that the very delays in fabrication themselves meant that the project team was more than usually motivated and well prepared for the long awaited final stages of the development. In the end the Hutton field was only six months behind the schedule set in 1980.

The major cost saving of the TLP on the Hutton project will not become fully apparent until, after 20 years, when the field is fully depleted. Abandonment of the giant fixed platforms in the North Sea will cost the oil companies enormous sums of money, even if the Government does not insist on removal down

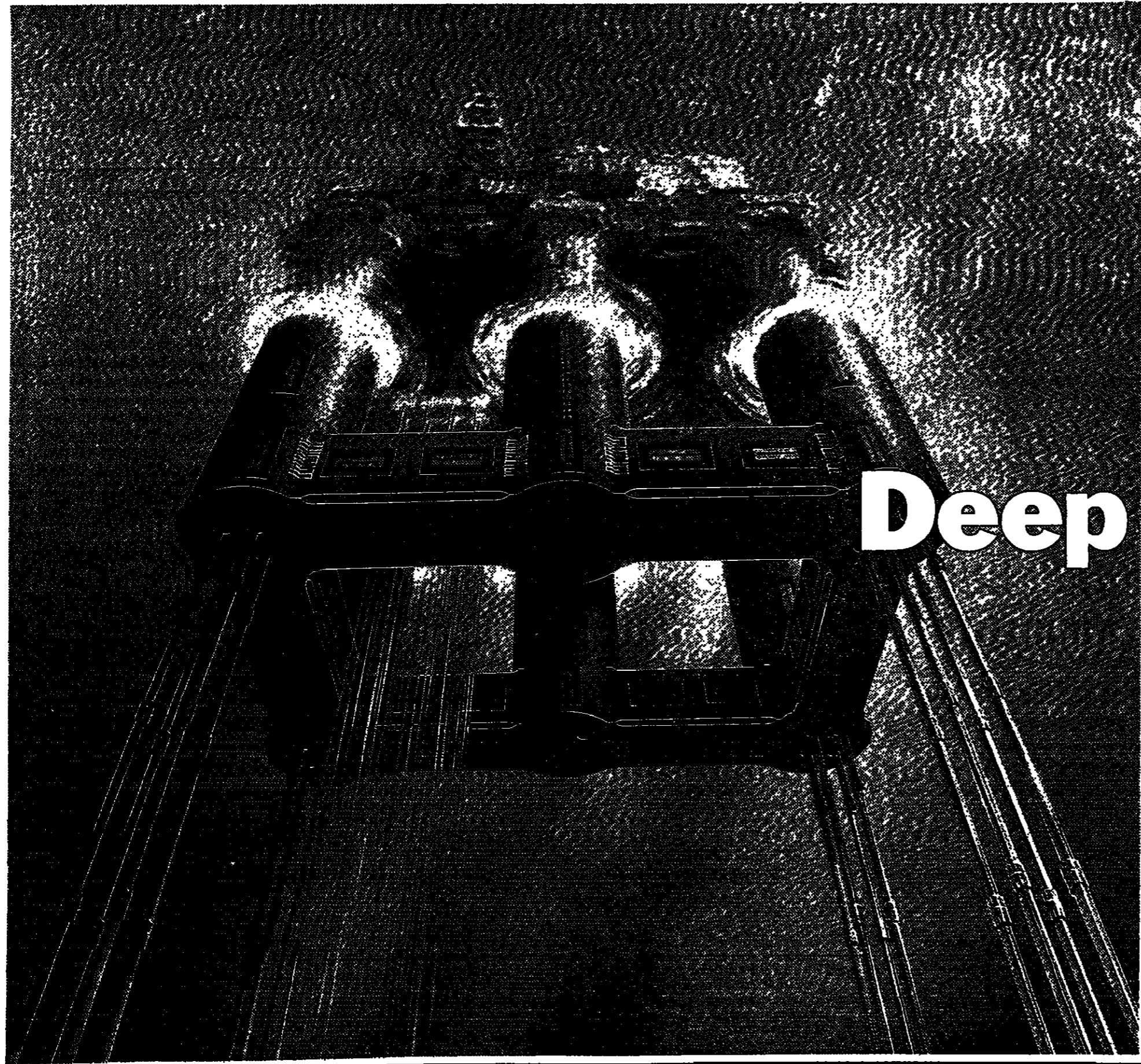
to the sea bed itself. But, according to Mr Marr, abandonment of the TLP will cost only about 10 per cent of the operation involved in dismantling a fixed platform. The TLP will simply be unhooked and towed away.

The Hutton field has shown the viability of the TLP, but the concept will perform best in water depths of over 600 feet, where fixed platforms are likely to be prohibitively expensive for all but the most gigantic oil discoveries. And the TLP concept, at the current state of the art, will be good for developments in anything up to 3,000 feet of water, according to Mr Marr.

### Depths

Even now Conoco engineers are designing TLP systems for water depths of over 2,000 ft in the Gulf of Mexico. These TLPs will be smaller and lighter than the North Sea trailblazer, but will embody the same concepts. Conoco UK's chairman, Mr Harry Sager, points out that apart from this transatlantic application of the TLP, "we see the development of the TLP as particularly significant in the context of the new frontier areas which are now to be opened up here in the UK."

However Conoco does not have strong patents on the TLP concept, and there are almost certainly other oil companies set to follow Conoco's lead. Mr Marr concludes: "We have done very little patenting. If I had designed the first hulahoop I would have taken out a patent. But there will probably never be more than 100 TLPs built."



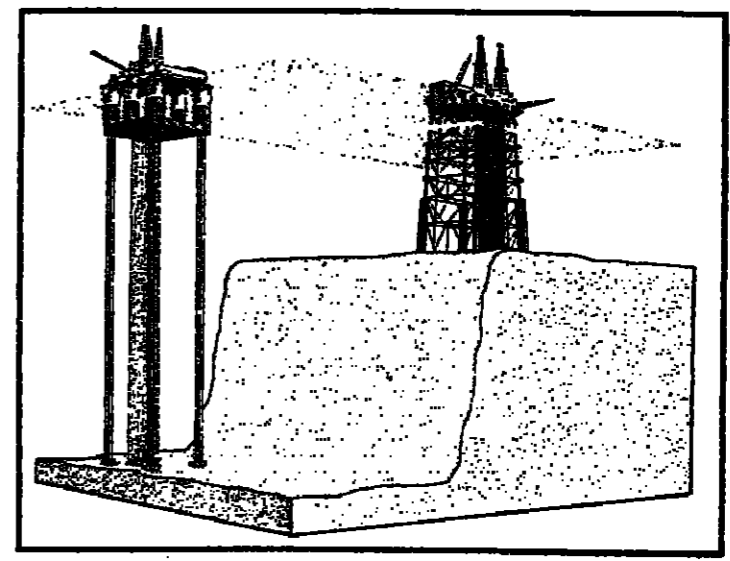
The Tension Leg Platform (TLP) is the key the offshore oil industry has been waiting for.

It opens the way to the development of oil and gas reserves at depths beyond the reach of conventional technology.

Conoco (U.K.) Limited, together with its partners, has built in Britain the world's first TLP - now installed and producing oil from the Hutton Field in the U.K. North Sea.

Where yesterday's technology cannot go, the TLP can, and will.

## Deep thinking



Turning good ideas into reality  
Conoco is a subsidiary of the Du Pont Company.

## Hutton Field 2

# Tension system perfected by intense work

**Design**  
MARK MEREDITH

THE CONOCO Hutton development has been a designer's platform. A floating structure weighing over 47,000 tonnes in a permanent tug of war with the sea bottom has produced a radical set of engineering requirements.

The tension leg platform (TLP) has also had to be built to survive the ultimate tempest: the 100-foot waves smashing over the structure — enough to rip huge vessels from their moorings.

The platform is now a leading runner among several approaches to oil development in waters much deeper than the North Sea. The TLP eliminates the vertical movement of a vessel by in effect dragging a floating structure slightly under-water. Long sets of tethers attached to each corner of the platform are anchored to four foundation anchor points vertically below. Only a limited amount of lateral movement—16.6 degrees is allowed, insufficient to disrupt either drilling or oil production.

Designing a platform to these new specifications took 800 people about 18 months — much more than it would take to design a conventional fixed-leg platform, now common in the UK sector of the North Sea.

Almost twice as many designers worked on Hutton as worked on Conoco's other UK North Sea field, the fixed platform in the Murchison Field, 30 miles northeast of Hutton.

Much of the design work was familiar: the oil production and gas separation systems, power generation station and instrumentation. Each had its individual refinements.

But the leading edge in design lay in applying the concept of the tensioning system. Like many projects on their first run, there were inevitable problems and sometimes large-

scale modifications on the way through.

The model-making industry rubbed its hands with glee as alteration after alteration was reproduced in scaled-down structures and working models.

This was a prototype offshore platform and prototypes, as Mr Tom Marr, director and general manager for projects in Conoco UK recalled, invariably cost much more than the off-the-shelf production. This was a point overlooked by Conoco in its estimates.

There was a constant struggle to keep down weight. By their own admission, the designers over-designed and over-compensated where aspects of fatigue could not be estimated. But this usually meant using heavier, more rugged materials and hence more weight.

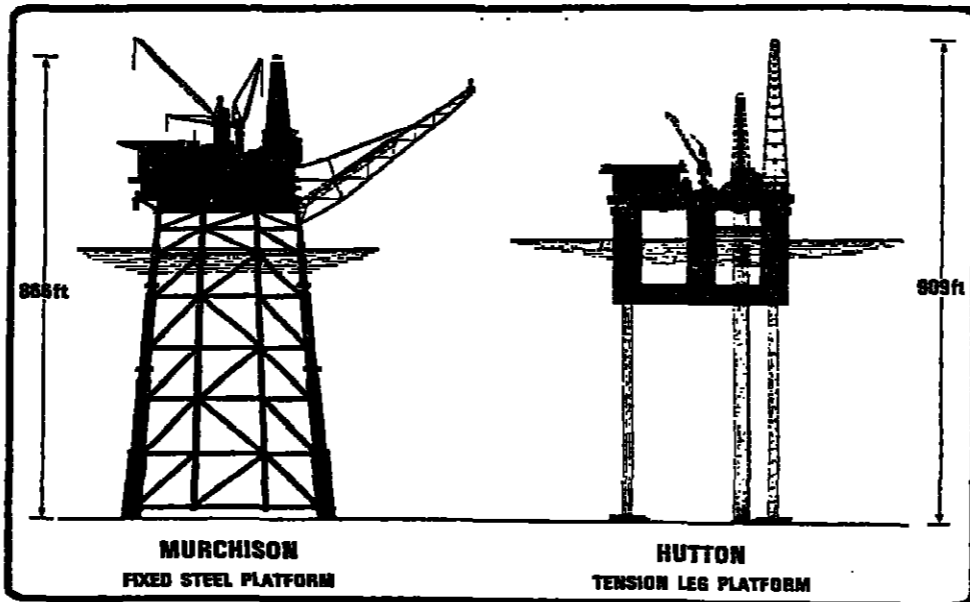
"As it turned out, the most difficult problem we encountered in developing the TLP was that of finding an analytical approach to the design that would enable us to determine the limitations involved in this seemingly simple concept," explained Mr Buck Curtis, the vice-president of Conoco's Production Engineering Services, in the August edition of "Ocean Industry."

### Supervise

Much of the overall project supervision was handed over to Bechtel UK leaving Conoco's relatively small British-based team free to supervise.

The same idea applied to the design contract, thought to be worth between £40m to £50m and awarded to Brown and Root UK and Vickers Offshore. While these two companies worked out the details, Conoco engineers were free enough to make sure the applications fitted the overall concept.

The revolutionary work included anchorpoints on the sea bed, the coupling mechanism for the ends of the tethers, the flexible joints allowing limited lateral movement, the tethers themselves and the tensioning system inside the hull.



The novelty of the project produced, even according to more cynical members of the engineering fraternity, a camaraderie which helped solve running problems quickly.

The work, started back in 1981, pre-dated the latest applications of computer-aided design and the design studios were awash with stencils.

The design contracts left Brown and Root responsible for the deck and the foundations and Vickers offshore responsible for the hull and tethers. In many aspects the two sides overlapped.

The tethers, steel tubes 10 1/2 in in diameter in interlocking 31 ft lengths, were a typical oversized aspect of the TLP. The tether could not be allowed to fail although the structure was built to allow individual tethers to be withdrawn periodically for inspection or to be replaced.

Whereas the expected life of the Hutton programme was 20 years, the topsides and hull were built to last 40 years. The tethers were built to last 100, according to Brown and Root.

The steel from Sheffield Forgemasters and Japan was not the normal yield of 50,000 lb per sq in, but 115,000 psi.

Some of the biggest headaches were brought on by the flexible joints in each end of the tethers, one at the anchor-point and the other just inside the bottom of the hull. Mr Mick Leese, formerly of V.O. and now with Brown and Root recalled that it was virtually impossible to calculate the performance of the elastomeric bearing of rubber and steel in the joints.

## Computers help turn concept into reality

TENSION is designed into Conoco's Hutton platform. It is both its flexibility and its strength—a novel concept in the offshore industry designed for deep water work and producing a new set of demands and skills.

The concept of the tension leg platform takes a floating structure and holds it in a partly submerged position on four sets of tethers anchored vertically to the seabed. Try holding a balloon underwater in your bath to get an idea of the forces at play.

The tethering stops the vertical movement of the platform and allows a limited amount of horizontal movement—not enough to strain the production pipes carrying oil up from below the sea bed or to disrupt the drilling working on new wells.

The completed platform was towed to its location over its pre-drilled wells and held in position by barges. It took water into its ballast tanks to partly submerge the structure while the steel tethers or legs were lowered in interlocking lengths from each corner and fastened in to their anchorpoints.

Ballast was then removed or "stripped" taking the tension equally on each corner. At that moment—7.37 am on Friday, July 13—a concept and thousands of drawings became reality. The Hutton platform was in tension. The barges withdrew.

In his control room, Mervin Davey operates an Argus Ferranti computer with a battery of displays. His most critical problem is compensating for changes in weight. The tethers must be kept in constant pressure. Any downward movement or compression on the 16 tethers must be avoided.

If the drilling derrick is to be moved the computer programme will calculate the water displacement needed to adjust for an object weighing several tonnes being slid a few feet across the deck. Davey finds the computer's suggestion can often be more simply executed by man.

Each production well coming on stream adds to the weight on the platform. The marine control room will calculate the amount of water ballast which must be pumped out to maintain the upward pressure on the tethers.

Load cells, located on tethers where they join the hull in a sophisticated bearing, give a reading of the pressure on each corner.

Display terminals give a regular scan of the movement of the platform off centre, which is also partly a function of the weight. The previous weekend a 68-knot wind had moved the platform 4.5 metres off centre—well within its tolerances to maintain both drilling and production operations—but still the biggest lurch in the life of the TLP.

# Solutions sought for even more hostile waters

THE NEXT wave of offshore exploration in deeper waters has produced a race among offshore designers for the machinery to produce in, above all, survive, the rigours of waters even less friendly than the North Sea.

The tension leg platform (TLP) now operating in the Hutton Field is a leading contender in the search for oil that could lie below the sea bed at depths of 2,000 feet or more.

Compared to these depths in parts of the western Atlantic, the North Sea is relatively shallow. Most of the 30 or more steel or concrete platforms in the UK sector of the North Sea are in depths of 300 to 400 feet. BP's Magnus Platform was an exceptional achievement in 600 feet of water.

The types of fixed structures now common to the North Sea would be impractical and probably vulnerable in very deep waters. But this has not stopped oil companies looking at other forms of surface-operated structures attached to the seabed.

Exxon has erected a 1,115 ft tall guyed tower in the Gulf of Mexico—a single column attached to the well head and held upright by anchorlines spread out rather like the guy ropes of a tent.

Another option in the race is the sea-bed production system. The whole production system straddles one or more underground wells. Chevron has an underwater system operating at 2,500 feet in the Mediterranean and Shell's South Cormorant field in the North Sea uses an underwater manifold to operate satellite wells.

Both Chevron and Shell's system need a fixed platform nearby to handle the controls for the underwater system. Future systems could operate with flexible production lines and controls rising to a floating structure on the surface where tankers could moor to take on loads of crude oil.

A consortium including McAlpine has worked on a sub-sea concrete habitat but this idea has not yet found any takers among the oil companies.

"Conoco did not consider sub-sea systems," says Mr Tom Marr, director and general manager, projects for Conoco UK. "They were not advanced enough to be reliable. We wanted another solution."

Some engineers have looked at the potential for semi-submersible craft. These use long anchor lines and dynamic positioning equipment such as

up the options: Hutton was shallow enough for a conventional structure but the next generation of development would be in deep water. Experience was needed.

BP has also looked into the tension leg idea with its tension-buoyed platform (TSP) study, but since then the idea has been on ice.

"In 1979 we concluded we had the answer to the problems and felt in terms of economics and cost the TLP was competitive with fixed structures," says Mr Tom Marr, after the decision to go ahead with a TLP in only 485 feet of water.

The costs in building prototype models for testing cost the Hutton consortium of eight companies led by Conoco some five times more than budgeted. The result, in Mr Marr's words, was a platform with "a lot going for it—a useful tool for the oil industry."

The tension leg platform on Hutton is there for the lifetime of the oilfield, an estimated 30 years. Conoco discount the possibility that, after some years of going through its paces, it will be moved into deeper waters. Yet it still could be moved on after the Hutton field has been depleted.

Although looking like a craft that could be easily unplugged, the TLP is not that flexible. It has been built to stay the course offshore.

There are other problems, too, before the TLP can really move into deep waters. The 16 tethers, fitted to the Hutton TLP would have to be much lighter were they to anchor the structure in greater depths.

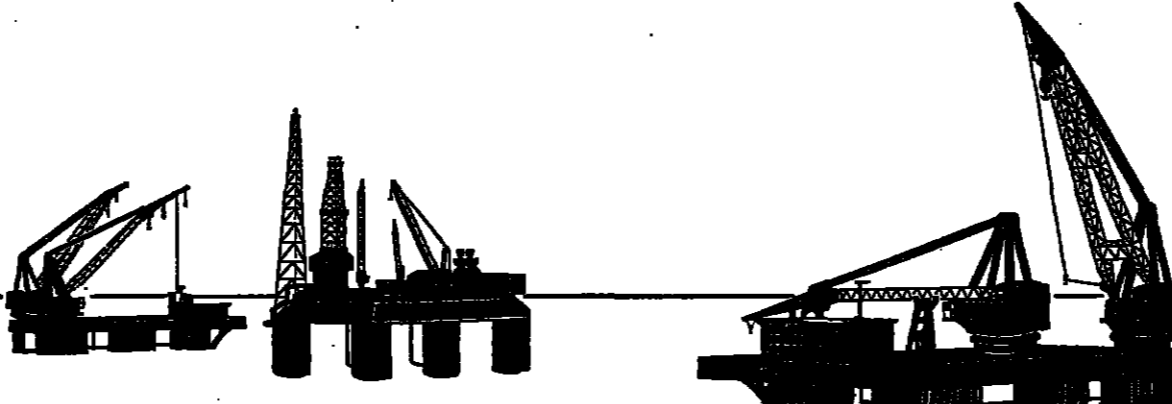
Each tether on the TLP weighs 100 tonnes although the combined 1,600 tonnes weight is offset underwater to about 1,000 tonnes. Much longer tethers would add considerably to the weight of a platform.

The benefits of the TLP experience will not merely be Conoco's. Its other partners in the Hutton Field, British and Gulf which, like Conoco, have a 20 per cent stake, Enterprise Oil, Mobile North Sea, Amerada Hess and Texas Eastern North Sea also acquire much of this new offshore know-how.

For British in particular, the TLP experience has helped equip them for what they see as special home territory in deep waters off the UK coast.

### Future production systems

MARK MEREDITH



# Congratulations Conoco on the world's first TLP

Heerema were privileged to help in so many ways on this successful project



**HEEREMA**  
First in Performance

The Heerema contribution to the TLP project included Management, Engineering and Execution of all Marine Operations.

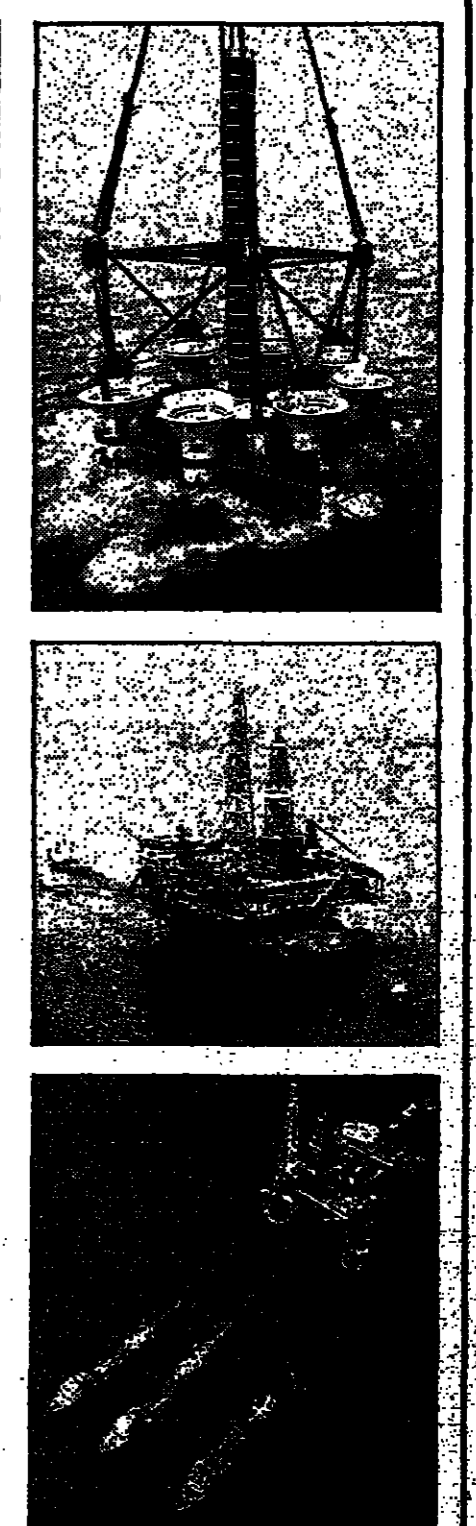
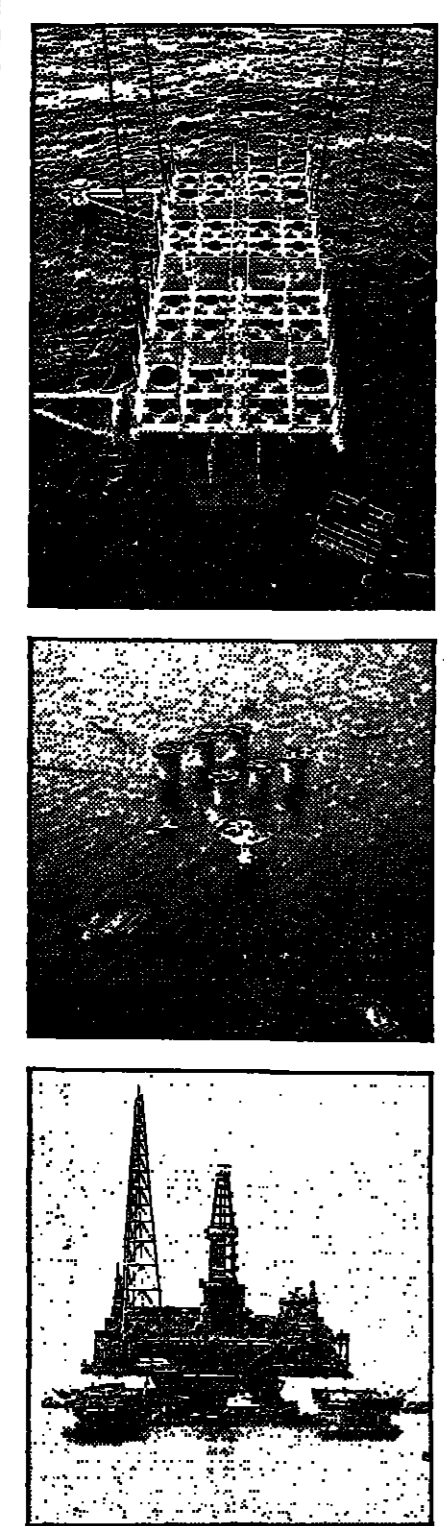
- Towing Operations**
- Transport of modules to deck fabrication yard
  - Towing hull to mating site
  - Towing deck to Inverness Firth
  - Towing TLP to Hutton Field

- Installation Operations**
- Drilling template (February '82)
  - Specially designed foundation guide frame
  - Four foundation templates
  - Outfitting of hull and deck with anchorage equipment

- Special Assistance**
- Installation of anchoring systems in Inverness Firth and Moray Firth
  - Holding the TLP in position with SSCVs Balder and Hemod during running of the tension tethers

- Special Assistance**
- Selection and procurement of all the anchorage and anchorage security equipment
  - Provided security of deck and TLP during outfitting periods whilst in the Inverness Firth and Moray Firth
  - Subsea assistance during running of tension tethers

PHOTOS COURTESY OF CONOCO UK LTD



## Hutton Field 3

# When it pays to ignore the horror stories

**Fabrication**  
JAMES BALL

NOW THAT the Hutton TLP is built and proceeding, it would be nice to say that everything went smoothly as it progressed from plan to platform. But it did not.

However, the much-publicised problems encountered in building the TLP can now be viewed with the benefit of hindsight. And this perspective throws up a very different version of events than the horror stories focusing on the project just two years ago.

For whatever happened—and it is by no means clear even today—the problems encountered building the TLP hull led to solutions which more than made up for the time lost; they probably altered radically how future TLPs will be built.

Operator Conoco is reluctant to talk about what went wrong during the fabrication of the TLP, and the yard, which at the time bore the brunt of most of the criticism—Highland Fabricators (HIFab)—would not be in a position to criticise such a major potential client as Conoco even if it wanted to do so.

What should have happened in this: the hull sections, built by HIFab at Nigg and by two subcontractors, Mitsui of Japan and Motherwell Bridge, would be assembled at Nigg for completion in April 1983. Meanwhile the integrated deck—essentially a flat ship, would be constructed nearby at Ardersier by McDermott. Sometime in the summer of 1983 they would be mated and hookup would begin. The accommodation modules, helideck and drilling derrick and equipment would be installed later with an offshore crane.

Also in the summer of 1983, the anchor foundations would arrive from Nishino Iwai in Japan for installation and then the pipeline to nearby NW Hutton would be laid. Installation of the TLP would take place in the early autumn, hookup would continue over the winter for first oil in the spring of 1984.

In the event, it is arguable that the project ran the risk of delay regardless of problems at HIFab.

It is also arguable that the actual schedule followed—even if imposed by the problems at HIFab—was better for the project in the end, than the original one.

In the autumn of 1982, it was widely reported that cracks had been found in some welds carried out at HIFab. It was not until December that a remedial programme was settled on—because, quite simply, there were no TLP lessons from which to draw solutions—and both welding and inspection procedures were stepped up to the point that in the summer of 1983 tempers frayed and a five-week long strike added further to HIFab's problems.

### Arguments

It now appears that welding specialists will argue for some time about the actual problems discovered, but it would be accurate to say that there was a variety of minor defects in welds carried out both at HIFab and at Mitsui, and that the strict remedies taken to make sure the structure was perfectly sound, probably contained a degree of "overkill." But after the sinking of the Alexander Kieftland and the Ocean Ranger most people in the offshore business would prefer that an untried concept like the TLP err on the side of safety.

It is not unusual for an offshore project to encounter difficulties or even delays. This is especially true of new concepts. But once a concept has been tried, it is easier to apply the next time around. Thus, the building of a semi-submersible drilling rig is not the challenge it once was.

But, similar as the TLP hull is to a semi-submersible drilling rig, the TLP is fundamentally different. A rig can go into port for regular inspection and repair. A TLP has to be built to stay on site offshore for 20 years.

Because of this, every critical detail of the TLP had to be right. But because it had not been done before, there was no comparison with previously

## The Hutton project

### KEY DATES

1973	Field discovered
1980	Project committed
May 1981	Well template installation
March 1984	Tow-out of deck
May 1984	Tow-out of hull
May 12 1984	Mating of hull and deck
July 18 1984	Installation of TLP
August 6 1984	Production start-up
September 1984	Peak production of 900,000 barrels per day

### PARTICIPANTS

Conoco (UK) Limited (operator)	20 per cent
Britoil plc	20 per cent
Gulf Oil Corporation	20 per cent
Amoco (UK) Exploration Company	10.31 per cent
Enterprise Oil plc	10.31 per cent
Mobil North Sea Limited	8 per cent
Amerada Hess (UK) Limited	7.23 per cent
Texas Eastern North Sea Inc.	4.15 per cent

### KEY FACTS

Location	90 miles North East of the Shetland Islands in UK Blocks 211/28 and 211/27
Water Depth	148 metres (486 feet)
Oil Reservoir	Depth of field—3,657 metres (8,700 feet) subsea Producing horizon—Middle Jurassic Brent formation
Recoverable reserves	Estimated at approximately 200m barrels
Oil Quality	Sulphur content—sweet/low Gas/oil ratio—103 scf/sib Oil gravity—31°API
Platform	Weight—47,400 tonnes Deck dimensions—74 x 78 metres (243 x 260 ft) Accommodation—239 Processing capacity—110,000 barrels of oil per day
Wells	13 production, 11 water injection (10 pre-drilled)
Pipelines	Hutton to NW Hutton, to Cormorant, to Brent System, to Sullom Voe

tried solutions to draw upon when something went wrong. Thus, in the autumn of 1982, a rigorous process began to find a set of solutions from which to draw an optimum way out of the problem.

Today, it is difficult to find anyone willing to point a finger of blame, but it is clear that heads rolled at Conoco and at HIFab and that the reshuffled team of Conoco, Bechtel and fabrication contractors did much more than plan a few repairs at HIFab.

When it became clear that a delay of as much as six months would arise, the project timetable was re-organised so that installation of a finished TLP in the 1984 "season" (effectively, for construction operations, from early spring to mid-autumn) could take place.

This allowed for a far greater degree of completion to be built into the integrated deck being fabricated nearby at McDermott's Ardersier yard, so that when mating of the hull and deck took place in May, 1984, the unit was virtually ready to head for work in the Hutton field.

Unlike most platforms, there is precious little advantage in getting a TLP on site early. So, as things turned out, a number of fabrication phases were scored, and it is likely that in future they will guide initial plans more than might be expected from a solution born of a crisis.

By maximising onshore hookup, Conoco was able to reduce offshore costs and to start producing a mere 22 days after

arriving. Normally a year is more like it.

In the spring of 1984, with all modules loaded on to the Hutton deck, it was towed around to the Inverness Firth from McDermott's yard and a total of 140,000 manhours of hookup work was achieved before mating of the deck and hull took place a few months later. Indeed, as the deck headed to the mating site, its life support systems were up and running right down to the galley making food for workers on board.

### Service packages

In a conventional top-sides arrangement, modules, containing different packages of essential services are loaded on to a module support frame and then hooked up. This process takes a very long time offshore and can be reduced if an integrated deck is built where equipment is built into a larger structure obviating the need for box-like modules.

Because the schedule was delayed, the Hutton integrated deck became even more integrated when it was decided to spend more time building it at McDermott's yard.

Instead of having to hire offshore derrick barges to lift the few on-deck modules into place, these were installed by yard cranes at Ardersier. Instead of the hookup crew being transported to site by helicopter and staying on offshore, they were ferried by high speed crew boat from Ardersier to the Inverness Firth, while materials had only a short journey from the old ferry boat launch jetty to the deck rather than riding supply boats from

Aberdeen to Hutton.

By contrast, if the hull had been completed in April 1983, the deck would have been far from complete—it was just 80 per cent complete in September 1983—and some offshore heavy lifting and more expensive offshore hookup and commissioning would have had to be carried out, assuming the TLP could have been installed in 1983, anyway.

In some ways, Conoco is fortunate it was not.

By the autumn of 1983 it became increasingly clear that the proposed method of installing the TLP—using a pattern of tags to hold it in place was a risky proposition in all but the calmest of seas. As things turned out, operations to install the TLP leg foundation and pipeline meant no installation work could have started before August. A small amount of weather uncertainty could have pushed that timetable into September and perhaps have delayed installing even a partially completed TLP in the 1983 season at all.

Even if installation had been possible, a good deal of work would have yet to have been carried out, making a risky installation little more than a good way to ring up large offshore hookup costs.

At the end of the day, it appears that so much was learned from correcting the minor mistakes that occurred during the building of the TLP, that while it cost money and time, it was money, time and effort invested in future projects rather than thrown away. And that, after all, is often what being first is all about.

# UK must improve on reliability of delivery

THE CONCEPT of a tension leg platform was already under investigation in Conoco's Houston office before the Hutton oilfield was discovered. Indeed, years of work had taken place in Houston on the concept before it was decided, in 1977, to bring it to the North Sea for application in UK waters.

So, when the idea moved from Houston, so did its engineers. Such an innovative concept might, therefore, have been expected to involve mostly American expertise and technology, with a reduced level of British input. But in terms of value of orders placed, Hutton scored a 79.9 per cent UK content.

There will always be argument over what makes a company British. Those companies considered foreign despite having genuine UK subsidiaries, can, for example, argue that work is done in the UK, with largely UK staff.

Of course, the Department of Energy can also rightly point out that by insisting on at least a 70 per cent UK content in offshore oil developments, it has increased the UK input, regardless of the eventual ownership of the contractors involved. And to have surpassed this objective on a sophisticated project such as the TLP is an achievement.

The Hutton TLP bettered the Energy Department guidelines, because Conoco carefully monitored the UK content of awards.

In this it was helped because several of the major international contractors involved carried out their work from Britain. As well, some genuine home-grown innovation went into the project and this is likely to go along with the design to be used in future fields.

Pride of place in this category is the Vickers-designed leg-anchoring system. By proposing and then developing an effective and simple-to-operate device, Vickers made a major contribution to the project.

Vickers won its contract in a genuine market race, but how were the other contracts awarded? Would the pattern necessarily be followed elsewhere?

Conoco already had British involvement when it brought the TLP concept to London in

the form of partner, Britoil (then BNOOC).

When the partners were ready to award contracts Conoco decided on a project services approach, which it had used successfully on the Murchison field; another Conoco North Sea interest. This meant hiring, in January 1980, an engineering contractor—in this case, Bechtel GB—to join an integrated management team.

Bechtel project managers mirrored Conoco managers job title providing the detailed backup work to Conoco decisions. At peak, over 500 Bechtel staff were involved in this function. Most of them were UK employees.

### The Contracts

JAMES BALL

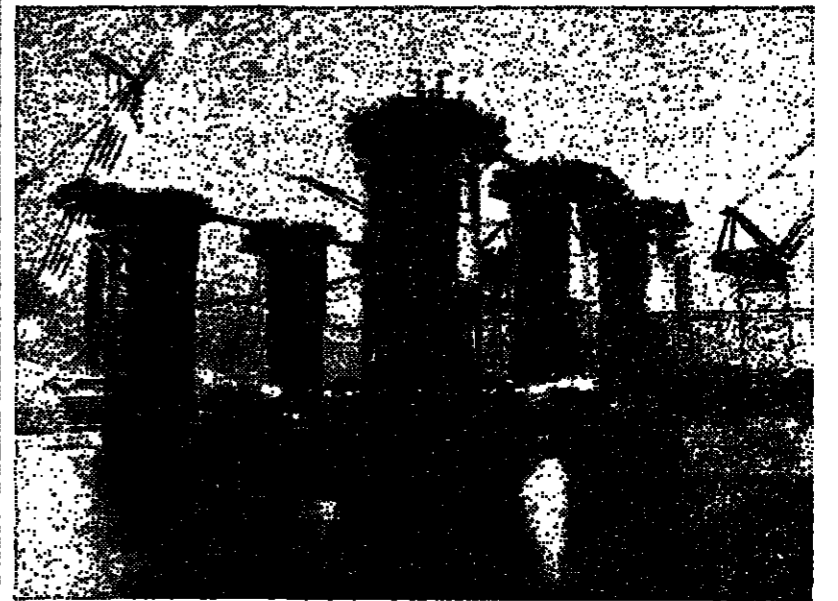
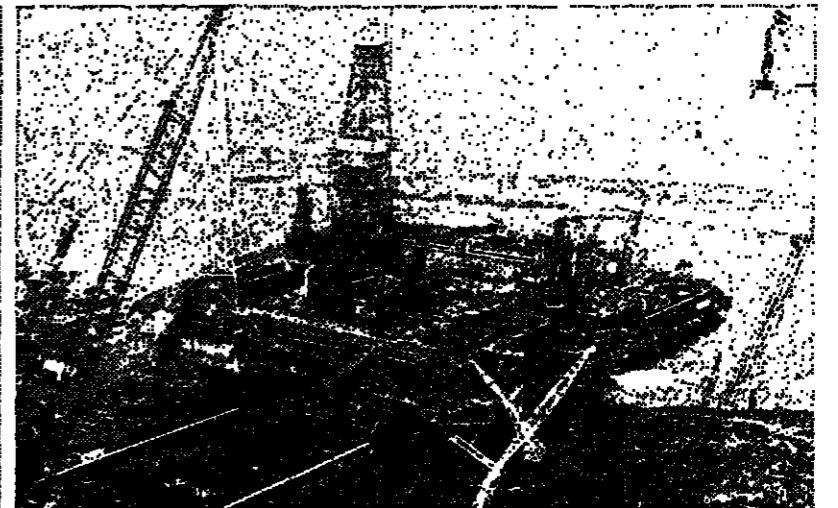
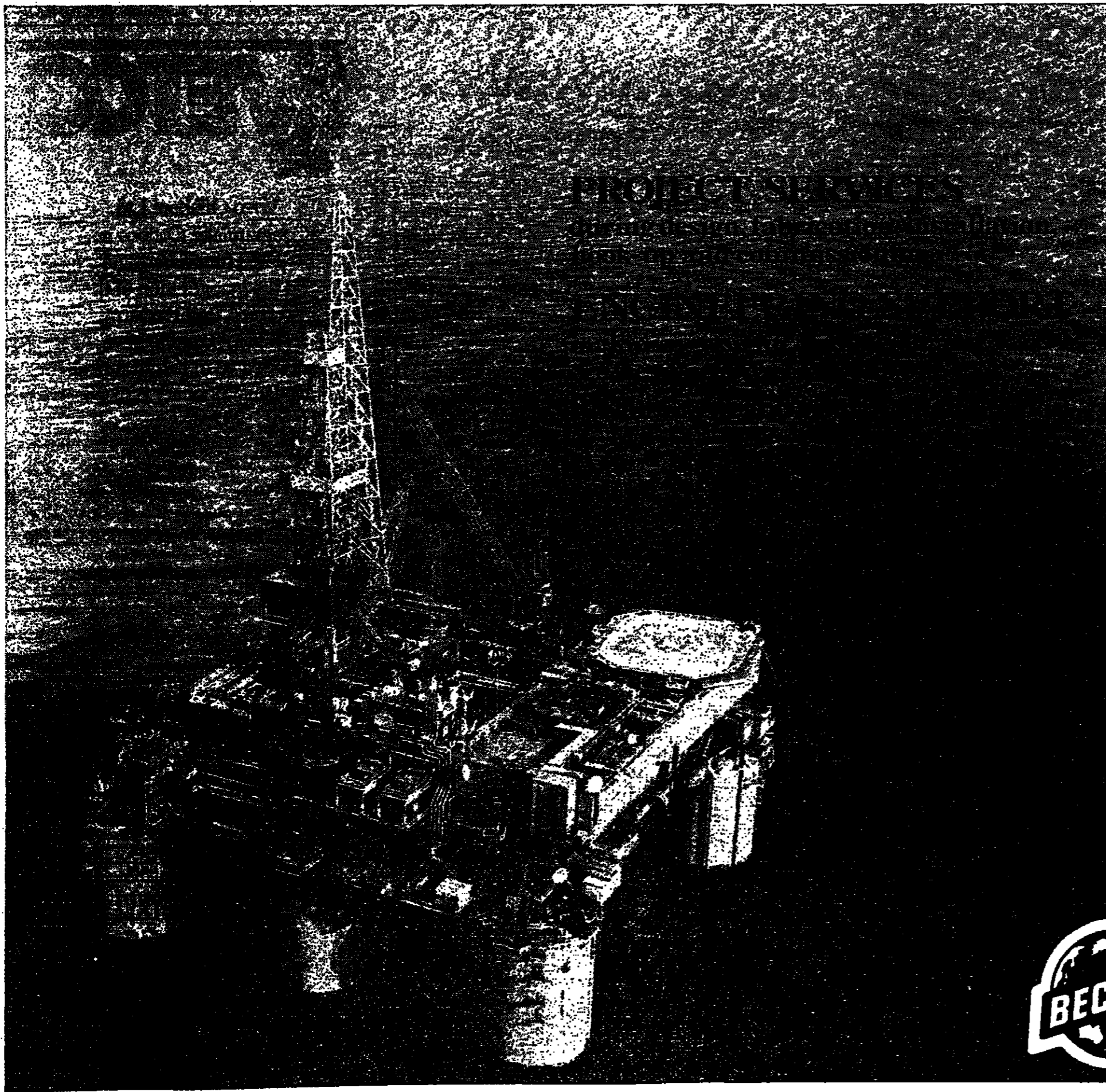
Among the orders which did not go to British firms were the drilling equipment, which went to National of the U.S. (with some UK content) and the drilling modules which were built by De Groot of the Netherlands. But Vetco, of California, carried out its contract work in Aberdeen.

How far the orders won by UK companies represent a base on which overseas contracts could be built is unclear.

Heerema, whose UK company Field Enterprises, based in Aberdeen, did most of the marine contract work (to enable the mating of the deck and hull sections as well as the site installation), would probably use its Houston subsidiary for U.S. work—again with, at best, a few UK employees winning a Houston transfer.

British-based drilling company, Kingsnorth Marine Drilling, which carried out the pre-drilling, would face a host of other drilling companies as competitors overseas. Like the major construction contractors, SLP of Lowestoft (now owned by Sweden's Colverson Asea) would have a locational disadvantage in competing.

So, while UK companies performed well—despite some delays all round (and not just on the hull fabrication), the 79.9 per cent British content built into the Hutton TLP looks like winning UK employment for now, short term praise from the Department of Energy but possibly only a marginal increase in future export orders.



Bechtel Great Britain Limited  
Bechtel House  
245, Hammersmith Road  
London W6 8DP

Hutton Field 4

Adventurous developers of N. Sea oil



The massive Conoco TLP Hull just before tow-out from Hi-Fab's Nigg yard.

Always out in front!

The successful completion of the revolutionary 25,000 tonnes Tension Leg Platform for Conoco demonstrated once again Hi-Fab capability and leadership in new areas of technology.

We had already built ten North Sea platforms before that, including the mammoth BP Magnus Jacket, all of which were delivered on time, on budget and to specification. A record of achievement that remains unsurpassed by any other fabricator.

Now we are looking ahead to a new and different decade with emphasis on smaller but more specialised structures. Further heavy investment has been made in plant and fabrication capabilities, including a new module assembly shop for the new generation of North

Sea structures. Already on our order book are two support modules for Marathon's Eræ B.

Whatever the size or scope of a job—from advanced integrated deck and floating production systems to traditional platforms, modules or other fabrication work—we at Hi-Fab are ready with the technology, the manufacturing resources and the individual skills and commitment!



**Highlands Fabricators**

— the yard that has plenty to be proud about!

PO Box 4, Nigg, Tain, Ross-shire IV19 1QY. Telephone: Nigg (086 285) 666 Telex: 75293 Hifab G



McDermott International

The deck structure for the Conoco Tension Leg Platform. McDermott Scotland's powerful response to the challenge of North Sea construction, means at anchor awaiting its mating with the platform hull.

A tribute to our know-how, fabrication facilities, and above all the dedication and determination of our workforce which enabled us to deliver the most completely

assembled integrated deck structure ever built offshore for sail away to an offshore location.

The TLP deck construction is yet another milestone in the proud record of achievement at McDermott Scotland, who are firmly established as the leading fabrication yard serving the North Sea area. A position it will maintain as it goes on to set new records and conduct

the one leg of the future. For more information contact: S. J. McDonald, Vice President, McDermott Scotland, PO Box 5, Inverness, IV1 1UP. Tel: 082561. Telex: 75166 S.



Where the world comes for energy solutions.

Profile: Conoco

DOMINIC LAWSON

THE U.S. oil company, Conoco, had for some time been seen as a takeover target before the U.S. chemical group Du Pont pounced in 1981 with a bid worth \$7.8bn.

For Conoco's operations in the UK, the bid, coming when it did, may have been a blessing. Had Conoco been taken over in the wave of oil company mergers on Wall Street last year, rationalisation of its UK activities could have been expected.

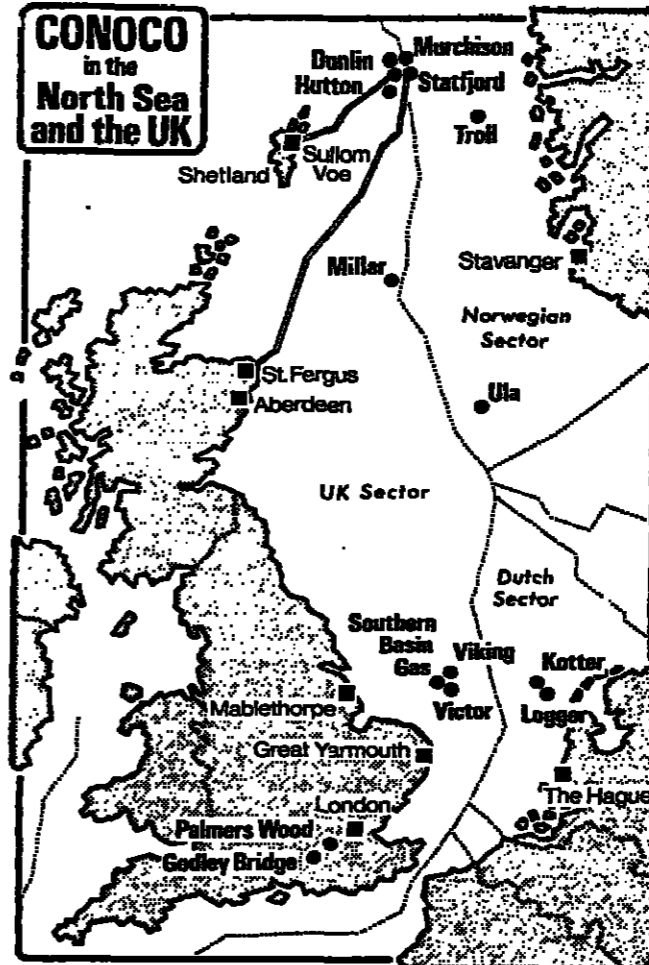
Du Pont had no overlapping UK operations, and in the \$2bn asset disposal that Du Pont carried out in the wake of the merger, Conoco's UK activities were not affected. If anything, Conoco has become increasingly aggressive in its development of UK oil and gas, and in its UK downstream operations.

Outside the U.S., the UK is Conoco's biggest target for investment. Hutton's tension leg platform (TLP) has made it one of the most adventurous developers of UK North Sea oil, but the company had already won its spurs with the earlier development of the Murchison oilfield. This field is in the hazardous waters of the East Shetland Basin, straddling the median line with Norway, but was developed on time and within budget.

After Murchison and Hutton, Conoco has high hopes of developing a third oilfield in North Sea block 16/8b, which it has just named the Miller field. Like its two predecessors, Miller is named after an eminent Scottish geologist.

The problem for Conoco is that the Miller field appears to be part of a giant oil accumulation which spreads into a block operated by British Petroleum. In such cases petroleum is inevitable, usually on the basis that the company with the largest part of the field operates.

Conoco's exploits in the high pressure area of North Sea development have overshadowed its growing role as a producer of North Sea gas. Conoco has recently started production from its Victor gas field in the North Sea's Southern Gas Basin. This, together with bringing on stream of Hutton's Koter oilfield in the



Conoco's projects general manager Mr Tom Marr, doesn't disguise the fact that both Conoco and BP would like to operate the field with all the kudos and manpower utilisation that would entail for the operator.

Conoco and BP are currently discussing the vexed question of unitisation and operatorship. "It's too close to say for sure who has the bigger part of the oil — it may be 50-50," Mr Marr observes.

The debate is rendered even more complex by the fact that the U.S. oil company, Marathon, may also share some of the block field in one of its own blocks.

Conoco is also prepared to explore vigorously in the deep frontier waters on offer in the ninth round, the company's UK managing director, exploration, Mr Argus Campbell, states.

Dutch sector of the North Sea, represents the first time in the history of the North Sea that one company has brought three fields into production in the same year.

In the UK's Southern Gas Basin Conoco is planning to bring another four fields into production, involving initial investment of at least \$750m. The fields, named North Valiant, South Valiant, Vanguard and Vulcan, could produce enough gas per day to supply about 10 per cent of UK gas demand.

Conoco is keen to acquire more acreage in the Southern Gas basin in the forthcoming ninth round of UK oil and gas licences, which closes on December 17.

As evidence of its willingness to test the frontiers of North Sea exploration, Conoco re-

cently drilled the deepest and most northerly well in the history of the North Sea. The well, 350 miles north-east of Aberdeen and in 2,200 ft of water, cost about £14m, and was dry. But, as Mr Marr points out—"we will go wherever, and spend whatever, in the search for oil."

At the other extreme, Conoco is the most active and successful operator onshore in the UK, in Hampshire, Surrey, Sussex, and Kent. Though spending has been only about \$20m, Conoco has already found in Surrey a significant oil discovery near Godstone, and the UK's highest onshore gas field at Chiddingfold.

Conoco has encountered strong local opposition in its Home Counties quest for oil and gas, in part because it has been so successful. Its attempt to approve the Surrey gas field has run into well-organised opposition from the affluent residents in the area, and Conoco is currently appealing to the Department of the Environment against a Surrey County Council refusal to allow it to drill an exploration well near the village of Normandy.

It is a little surprising that a company as large as Conoco is prepared to risk its reputation over what appears such a small potential. The UK's highest onshore gas field at Chiddingfold is in Dorset is comparable in size to the developed fields in the North Sea.

But the cost of developing small fields onshore is tiny by comparison and, as Mr Campbell avers enthusiastically: "There are opportunities for finding significant oil accumulations onshore the UK. There are still big unexplored structures in the South of England. If you compare it with sedimentary basins in other parts of the world, it has been underdeveloped."

This approach is strengthened by Conoco's downstream operations in the UK.

Conoco's Humber refinery is the world's leading supplier of premium grade petroleum coke, which is used in the steel industry and the refinery also acknowledged as the UK's lowest cost producer of traditional petroleum products. Since June 1982, Conoco, which has 5 per cent of the UK petrol market through the Jet and Globe brand names, has consistently sought to exploit its low cost position by selling its petrol at least 1p per gallon cheaper than the majors.

Conoco has in this way managed to avoid entering the expensive forecourt games currently fashionable with the industry.

Problems solved by experience

Installation  
JAMES BALL

HUTTON'S tension leg platform was built in two sections—hull and deck—mated in protected waters, and installed virtually complete at its offshore field site, two marine operations which are both very far from simple.

The first operation took place at the oil production site in the Hutton Field itself. In 1983 the foundation templates were set by Heerema Offshore Contractors using two barges the Balder and Odin. At the time they were the largest ever templates to be set under water.

Heerema, a Dutch international contractor, was also involved in a number of other operations the most important of which, planning the sea mating of hull and deck and installation of the platform in the field went to its Aberdeen subsidiary, Field Enterprises.

Besides having to be precisely located—a process which involved using a giant underwater locating frame the foundations had to be filled to the seabed to take the full force of the TLP's tension and sea motion.

Deck

Driving piles on a conventional jacket is relatively easy; guides are installed on the jacket legs and extensions can be fitted on top of the piles for hammer-driving them into the seabed.

There were no legs on the TLP foundations so a special underwater hammer had to be developed.

Meanwhile work was under way to decide how to moor the hull built by Highland Fabrications at Nigg Bay for mating with the deck from McDermott's Ardersier yard. By the time the deck began its journey to the Moray Firth for mating in May, its services were functioning and 114,000 man hours of work had been carried out.

Field Enterprises secured the hull by a series of mooring lines, it was steadied further by surface barges and ballasted down. Three boats were tied

to the deck's transport barge and it was slowly moved between the hull columns.

In case the sea was rough, a series of dampers were built into the deck to soften its initial contact with the tops of the six hull columns but in the event they were hardly needed on May 12 when mating took place. A circular pin was dropped into one middle column and a rectangular peg on the opposite side located the two structures, allowing the hull to be ballasted up against the deck. The structures were then welded together by AOC and the deck transport barge removed.

Completion of hook up then proceeded at a rapid pace as services between the hull and deck were connected, until, on July 7, the structure headed for Hutton.

The scene was now set for the final phase of the operation. Field's proposal was to anchor two Heerema barges either side of the site and for them to be connected to the TLP by just four lines, with an instant release connector in the middle of each line. The tugs towed the platform in between, while the barges' lines were connected, but the tugs stayed attached in case very rough weather required the TLP to be towed away. Even if this had happened, the barge lines could have stayed connected.

The two captains on the Balder and the Hermod, Heerema's semi-submersible barges, answered to one overall captain and giant winches on their decks began locating the structure. The process began on July 12.

Once in position, drilling crews in a corner column of the TLP began assembling a leg—in just the same manner as a length of drill pipe—and lowered it gradually to an awaiting foundation pod.

The leg was heave compensated while the operation was repeated on each of the four corners of the TLP. When four legs were in place, the legs were tensioned to eliminate heave and then the other 12 legs were run into place as the first four held the TLP in location. The barges and tugs were released.

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THE ARTS

London Galleries/William Packer

The artist is worthy of his hire

I seldom address myself, certainly not in any detail, to questions of price or the comparative commercial value of the work I review...

December 21) is the recent work of another fine landscape painter, but one who by now confirms the consistent nature and quality of her work rather than demonstrates any fundamental shift.

ambitions in art does not necessarily lie with the attempt at the largest scale, nor seriousness with constant shift, change or development.

exhibitions for the season, not all of which I have seen, for some have yet to open, or open as I write, yet on their record I can confidently recommend.



A scene from 42nd Street, musical of the year according to the judges of the Laurence Olivier Awards, announced on Sunday night.

Donald Cooper. The introduction is by Michael Coveney. This year has been another good one for the West End—the revival which began in the autumn of 1983 has gained even more momentum.

the Victoria Palace, is awaiting the return of Barnum. For next year, Bob Swash, president of the Society of West End Theatres, is hoping to get Sunday openings. Behind all the new moves are a combination of bullish influences—better late night transport; a recognition that London is quite safe

at night; and a wide improving range of product on offer. The main problems now are that new shows cannot find a theatre, and that Government cuts in aid to the subsidised theatre may reduce the flow of plays from the provincial theatres.

For painter and ceramist, sculptor and furniture maker alike, to cost the work even at the hourly rate of the mechanic who services the car is not so much unreasonable as unthinkable and this for what, if chosen well, is likely to etch our grandchildren's memories.

Virginia Powell is another artist who works to the smaller scale, and takes her subjects from her immediate domestic surroundings.

And finally a list of mixed exhibitions for the season, not all of which I have seen, for some have yet to open, or open as I write, yet on their record I can confidently recommend.

And at the British Crafts Centre in Earham Street, while stocks last, the annual Christmas Shop, filled with the work of the Centre's members, can and carry—jewellery, textiles, ceramics, whatever, including the pots of Alison Britton.



A charcoal by Norman Stevens: Laurel

The Lion, the Witch and the Wardrobe/Westminster

Martin Hoyle

Not having read any of C. S. Lewis's Narnia books, I came to Citty Robbins's adaptation of The Lion, the Witch and the Wardrobe as fresh as, presumably, many of the young spectators at the Westminster Theatre; and could accordingly apply the acid test of seeing whether the production is as bright (that is non-musical, non-spectacular) version would send me rona due that nearest book shop if I were an unjailed infant.

decent, firm-jawed Peter and Ian Puleston-Davies's spiteful Edmund) come off better than the girls. The wardrobe in question is a gateway to the fantastic land of Narnia (an attractive map is reproduced in the readable programme, together with a piece on putting on a play and a history of this theatre).

Chubby Susan's slow-motion running (shades of Charlots of Fire) does not Marty Flood's elegantly minimal and adaptable basic set is a great asset.

Though advertised as suitable for children as young as five, I suspect this straightforward and literate production will probably be more successful with those two or three years older.

Leonskaja/Elizabeth Hall

Dominic Gill

Since her British debut five years ago, Elisabeth Leonskaja, the Soviet pianist, has been a regular and welcome visitor to London. She is easily one of the half-dozen most interesting pianists of her generation before the public today.

knows, and nearly always gets, exactly what she wants. The physical demonstration—watching Miss Leonskaja play is a little like watching a horse rider—I imagine some people could find a distraction; I don't chiefly because every movement is so plainly expressive, so unequivocally linked to the service of the music.

New Holloway/Elizabeth Hall

David Murray

Composed two years ago, Robin Holloway's Serenata Nocturna had its premiere on Sunday in a City of London Sinfonia concert conducted by Richard Hickox. The serenade was conceived as a showpiece for a quartet of horns, like Schumann's Konzertstück; but like other "post-modernist" pieces in Holloway's recent output it makes a much ambiguous impression than that.

ment includes only a pair of trumpets, who at first supply more punctuation but become more energetically involved as the serenade proceeds. Holloway was followed by Menessohn, and in the Trio of the "Italian" Symphony scherzo the layout of horns, trumpets and strings suddenly recalled Holloway's was that secret nudge, or pure accident?

She began with two Beethoven sonatas, the Pathétique (Op 13), and the Tempest (Op 31 No 2); both of them performed with the greatest imagination and care, and seamless in their close focus.

She is a very physical pianist as well as an exceptionally thoughtful one. Her musical ideas have a vivid, almost palpable physical presence. She listens to herself with unusual keenness—the duration of single chords (and silences also) are weighted with wonderful dramatic precision.

The form is characteristically neat, with a repeated ostinato march flanking a lugubrious cantabile and reappearing to conclude the subsequent rondo. There are more odd little byways than that summary suggests, and the skewed, dislocated tonality of the slower music is pulled into jaunty mock-innocence for the rondo.

Besides strings the accompaniment includes only a pair of trumpets, who at first supply more punctuation but become more energetically involved as the serenade proceeds. Holloway was followed by Menessohn, and in the Trio of the "Italian" Symphony scherzo the layout of horns, trumpets and strings suddenly recalled Holloway's was that secret nudge, or pure accident?

Mahler 2/Festival Hall

Andrew Clements

Gilbert Kaplan is the founder and editor-in-chief of the American magazine Institutional Investor, a wealthy man who ever since he heard Stokowski conduct Mahler's second symphony has cherished an ambition to conduct it himself. Many have such dreams, but very few have the resources to turn them into reality.

musical structure and characterisation in any account of it, would have been most disapproved by this event. Mr Kaplan has surveyed the gross architecture of the work—its climaxes, its theatrical effects, its tonal tension, its gothic horrors of the first movement frozen and inert, the entrance of the chorus absolutely unmusical.

Having gained control of the symphony in a very literal way, Mr Kaplan did not seem to know what he wanted to do with it, and to cheer such a performance to the echo seems to me implicitly to devalue any authentically great interpretation of the work by a conductor such as Abbado, Haitink or Solti (who was among the audience here), when such comes along.

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Arts Guide

Dec 7-13

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

Opera and Ballet

PARIS Die Entführung aus dem Serail alternates with Tosca, conducted by James Conlon. The title role is sung by Hildegard Behrens and that of Constanze by Luciano Favari.

LONDON Royal Opera, Covent Garden: The new production of Der Rosenkavalier mounts a glittering roster of names: Solti as conductor, John Schlingensiefel as producer and a cast led by Kiri Te Kanawa and Agnes Baltsa.

BRUSSELS Danza della Fantasia by Bertoz conducted by Sylvain Cambreling with José Van Dam. Palais des Beaux Arts (513504).

ITALY Rome, Teatro dell'Opera: A new production of Don Giovanni by Jerome Savary conducted by Peter Maag, has Silvano Carroli in the title role.

Belgium, Teatro Comunale: Artemide by Gluck with an excellent cast including Raina Kabaivanska, Max René Cossetti, Daniela Mazzucato and Robert Gambill, conducted by Alan Curtis, production, scenery and costumes by Filippo Sanjust.

Music & Revolution/Bloomsbury Dominic Gill The Arts Council's Contemporary Music Network this season includes a programme presented by the ensemble which called itself the ensemble, not the programme "Music and Revolution": a Concertmakers' Almanac of Russian works and music from Stryabin to the present day, mildly eccentric and mildly illuminating, which bears a more than passing resemblance to the same group's programme at the Riverside two years ago in which some of the same music played counterpoint to the wild and violent words of Mayakovsky.

A Mass of Life/Festival Hall Andrew Clements Throughout 1984 the Royal Philharmonic Society has made a feature of the works of Elgar, Holst and Delius to mark the 50th anniversary of their deaths. That series was brought to a stirring conclusion on Wednesday with Delius's A Mass of Life, conducted by Sir John Pritchard with the BBC Symphony Orchestra, BBC Singers and Choral Society and a finely matched quartet of soloists.

well played solos from the BBC Symphony's principals. The four vocal soloists—Theresa Cabili, Alfreda Edgison, Arthur Davies and Benjamin Luxon—copied well with writing that sometimes seems as taxing as many an operatic role, even if all the German prosody was not effectively conveyed. The choirs were impressive if not always successful in the problem of the most genuinely lumpy chorus with which the work opens and the pair of dance movements which seem to assume a kind of disembodied totally unnumbered vocal line.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ



The Linford Wood Business Centre at Milton Keynes

Commendable flexibility

Tim Dickson reports on purpose-built small business premises

FAST GROWING companies can be frustrated in a number of ways—shortage of cash and inadequate management skills being perhaps the most common failings.

But the shortcomings of conventional premises—cramped space, restricted usage and inflexible and expensive leases—can just as easily hamper progress, especially for businesses in the technology and "knowledge" related fields.

Financial institutions generally have been slow to react to this challenge but the Sun Alliance Group—through recent developments at Swindon and Milton Keynes—has made a conscious effort to take into account the changing pattern of occupation required by the so-called "sunrise industries".

Kembrey Park Business Centre at Swindon, for example—started in 1982—is now about 80 per cent let and though its Linford Wood Business Centre in Milton Keynes is not quite complete and so far only houses three tenants, the imaginative concept behind the three pavilion building construction was picked out last week by the assessors of the 1984 Financial Times Architecture at Work award. In commending Linford Wood, designed by Michael Aukett Associates, the judges said that they were "impressed by this speculative business centre" and that the units "break new ground in terms of modest working environment". They added: "The sharing of communication facilities and the planted central courtyards give new small businesses a

sense of agreeable shared amenities and the landscaping around the pavilions is of the highest standard. The Milton Keynes Development Corporation deserves particular commendation for this."

Linford Wood, which is positioned less than a mile from the centre of Milton Keynes, is in fact probably not suitable for most brand new businesses, which ideally require just a few hundred square feet and flexible "easy in, easy out" lease arrangements. The Milton Keynes units, which start at 2,000 square feet and go up to 25,500 square feet, are aimed primarily at small ambitious companies which may be relatively new but which are nevertheless established.

Overhead services

As at Kembrey Park, Swindon, flexibility in terms of occupation and use is the keynote. Although the pavilions are constructed initially with equal amounts of administrative and production space, the whole or part of each building can be used for offices, laboratories, light production, data processing or research and development. The floor zones, too, are flexible so that tenants can incorporate extra services to first floor areas or overhead services to the ground floor space, and precast floor panels can be removed to provide further staircases or services between floors.

Jonathan Coote, Sun Alliance's estates manager, says that the insurance group decided about four years ago to take a close look at the requirements of this emerging market. "We realised that the traditional market was looking a bit dodgy and that these new up and coming companies needed catering for." Managers of expanding companies were interviewed and while the results were not always helpful—"the younger ones had little industrial experience and the older people were conditioned by traditional attitudes"—the group was able to draw a number of important conclusions. "We found that people preferred an office rather than a factory environment, that they did not want to be tied down by old fashioned user classes, and that young executives are very conscious of their working surroundings. Most employees, moreover, are likely to have a car which is why we have space for at least 70 vehicles at Linford Wood."

Coote admits that letting has been "a bit slower than I would have liked" but stresses that "it is still early days." Experience thus far also suggests that the sort of expansion-minded company the centre is aiming for prefers to move straight in to a finished unit. "These sorts of business need all their resources to keep growing and don't want to tie up money in fixtures and fittings."

Sun Alliance, meanwhile, also points out that expanding companies often require flexible terms. These are negotiable but Coote says five or even three year leases will be considered.

Business Expansion Scheme

In search of a change

BY IAN HAMILTON FAZEY

SOME 40 investment managers of British Business Expansion Scheme funds are to press for changes in the Government's rules on investors' tax relief and the types of companies which the schemes can help expand. The campaign is being led by Michael Walton of Electric Risk Capital and Paul Brooks of Charterhouse. Patrick Taylor of Coopers and Lybrand, the accountants, is co-ordinating.

At the same time a senior Treasury official has been gathering information first-hand about the schemes and some of the companies helped so far. The schemes are emerging as an important means of getting venture capital into small business via minority equity stakes. This helps gearing ratios, overcoming one major obstacle to many small businesses' expansion plans—undercapitalisation.

Both developments suggest that there is fine tuning at least to be done on the rules and official recognition of concern that BES's tax relief is not yet reaching all the sorts of small businesses most in need of their help.

The attraction of the schemes is that they allow full tax relief on investments. Thus someone on the top rate of 60 per cent could put in £10,000 at a net cost of £4,000.

But the whole process of investing in a fund, the fund investing in a company, and the investors taking tax relief, has to take place in the same financial year, with tax relief applying after the fund invests in a company, not when the investor invests in the fund. David Boulton, director of the Community of St Helens Trust, Britain's first enterprise agency, says that many

potential investors only discover they have spare cash available at the calendar year-end—about now. He believes that this works against locally-based BES, such as the St Helens BES syndicate established this year, because it does not leave enough time to find and evaluate suitable local investments. "The rush increases the risk of backing a potential failure," he says.

Walton says that the funds companies will have new budgets ready in January and February to attract this calendar year-end market, but these will be nationwide and unlikely to involve investments of less than £250,000.

Boulton's scheme aims to minimise administrative costs by using enterprise agency secondaries from the private sector and local, mainly retired, senior managers for evaluation, and has thus been able to afford to make all of its investments in the £20,000-£50,000 range.

This is the range where the "equity gap" hits small business hardest. The Government hoped that BES would be the way to plug it.

Possible changes might be for investors to be able to take their tax relief in either the year of investment or the year previously. Funds would have up to two years in which to find suitable companies to support, increasing the chances of backing winners. An alternative might be for relief to be given when the investor puts money into the fund, with the fund manager then under a reasonable time limit to make the onward investment in prospective companies. Among other areas where changes might well assist in getting venture capital where

it is needed most are companies with overseas subsidiaries. These at present cannot qualify, yet many small high technology companies with large overseas markets may have had to set up foreign marketing subsidiaries just to get off the ground. Anyone selling to the U.S. Government or Defense Department will have soon discovered this.

Another problem is that investments can only qualify for tax relief after the company being backed has traded for four months. Trading means exactly that—selling goods and services. This means that companies cannot be backed under BES when in the development stage, which again militates against high technology.

Management buyouts cannot be funded either. The way round this is to form a new company, but it then has to trade for four months under its new name, which most people think is daft when it is already, in fact, a going concern. Another rule forbids BES companies to have partly-owned subsidiaries. This causes problems when the backers want the manager of a partly-owned subsidiary to be in charge of the main business's expansion. This could be relaxed by letting active managers have interests.

Software houses are examples of companies hit by another rule: BES companies are not allowed to have royalty or licensing income. Yet that is the way many software houses obtain much of their revenue. Consensus to change the rules seems universal among fund managers. So far, people have had to go to expensive, time-wasting lengths to fit some companies to the profile demanded, even though they have been of exactly the type deserving help.

A disciplined approach increases the chances

The HOW TO of...

CUSTOMER CONTACT

SELLING INVOLVES an unnatural social relationship. The tension it causes on both sides can deflect people from their purpose. This even applies to "born salesmen," which most small business people are not. Constructing a disciplined approach will increase the chances of success while making the selling process less of an ordeal.

But it is important to recognise the prospect of failure. Rejection often drives people back into their offices or factory units so laden with gloom that they put off their next foray into the marketplace. If customer contact is structured properly, failure to sell can be used to improve chances next time or with someone else.

First, get the foundations right. Start by defining objectives—but in terms of the customer's needs, not your own. You might need to shift 200 gross of widgets to pay next month's wages. Your purpose must be to persuade Mr Prospect why he actually needs that many.

This requires sensible research. Find out as much as you can about Mr Prospect and his company, such as name, age, position, educational background, aspirations and authority to buy, best time for appointments, personal peculiarities, recreations, who owns the company, and what are its markets and market position, organisational structure, buying practices and creditworthiness.

Likely sources include colleagues, other customers, fellow members of clubs, trade associations or chambers of commerce, receptionists, local papers, the trade press, local authorities, directories, and personal observation. Always remember the old army maxim that time spent in reconnaissance is seldom wasted.

Equipment comes next. A notebook, a pencil, a pen, a telephone, together with visiting cards, a diary and

brochures, samples or their like as a minimum. Visual aids to explain yourself better might be needed.

Only now are you ready to take the plunge by trying to "open the sale." The aim is to get a two-way conversation going as soon as possible. If you say, "Good morning Mr Prospect. Can I interest you in 500 gross of widgets?" you will almost certainly fail. But, "I've got something here which should boost your turnover, increase your profits and solve your widget supply problems," will have a much better chance—yet which emphasises why you need to do your homework first.

You should have rehearsed your presentation—try acting it out with a colleague or your secretary. Emphasise key words to make them stand out and stick—such as "customised service," "price concession," "special credit terms." Don't gabble, but don't go so slowly you sound patronising or boring.

Look Mr Prospect in the eye and try to appear friendly. Smile when you can. Remember that his natural tendency will be defensive, so avoid conflict and do not threaten.

When Mr Prospect raises objections, listen and do not interrupt. Famine and thirst. Explore the merits of his point. Probe to see if there are other objections behind the first excuse he offers for not buying. "The price is too high," may really mean, "I've got a cash flow problem."

Find ways round objections that will help him. Never argue. Meeting objections head-on leads to conflict. Be self-effacing, taking the blame for "misunderstandings." Make it easy for him to say yes. When you think he is near that point, ask for the order. That may seem obvious but it is one of the hardest things to do and even hardened salespeople have to work at it continuously in training sessions.

Now shut up. Say even one word and you will give an excuse to re-open objections. But if the reply is no, do not look crestfallen; see the meeting as the opening of a dialogue. Leave some promotional material and your card and say you will keep in touch. At least your name will be on his network.

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Tuesday December 11 1984

## CRISIS AT BNOG

# Retreating, not retiring

By Ian Hargreaves and Dominic Lawson

## M Delors sets the tone

THE SPEED and smoothness with which M Jacques Delors, President-elect of the European Commission, has secured agreement on the allocation of portfolios among his 13 fellow commissioners, represents a welcome contrast with the acrimonious haggling of the past and a happy augury for the future. It may be a moot point how he did it — by force of character, skilful persuasion, or personal and national prestige. The essential fact remains that the deals have been cleared for the individual incoming commissioners to get to grips, right away, with the policy problems that will face them in January, and for the president and his colleagues to be working out a coherent collective plan of action for the next four years.

By traditional standards, the new Commission looks like an inexperienced body, since only four of the 14 have previously served as members of the Commission; it may take the newcomers some time to work their way through the bureaucracy, and to decipher the Euro-babble.

### Business-like

In terms of national political experience, by contrast, the new team ought to be rather impressive, since it includes four former finance ministers and one former foreign minister. As on previous occasions, some of the smaller countries (Belgium, Holland and Denmark) have tried hardest to send leading figures to the Community; they depend most heavily on the success of the Community, and Europe offers a larger stage for their aspiring politicians. But it is striking that France, too, has followed this pattern, by sending two former ministers (Delors and Chevillon) to Brussels.

In terms of national priorities, the distribution of roles has been skilfully done. Holland's Frans Andriessen gets agriculture, Germany's Karl-Heinz Narjes gets industry, Britain's Lord Cockfield gets the internal market, and so on. By the book (and by oath) commissioners are supposed to be entirely independent of their national capitals; yet since it is inevitable that they will have the closest communication with their national governments, it may also be desirable that there should be some judicious matching between nationalities and portfolios.

## Dilemma over London's airports

THE DEBATE about London's third airport may have been based on a false dichotomy. As Mr Graham Eyre, QC, the lawyer who has been patiently sifting evidence for the past 3½ years, pointed out in his long-awaited report, a fifth passenger terminal at Heathrow and the expansion of Stansted need not be regarded as mutually exclusive alternatives; the Government could logically opt for the expansion of both airports. This conclusion might seem designed to maximise the Government's discomfort. Expansion at both Heathrow and Stansted threatens to infuriate two sets of local residents; yet expansion at only one may, after Mr Eyre's evidence, be harder to justify.

Both sets of lobbyists can exploit Mr Eyre's report. If a fifth terminal at Heathrow is proven both feasible and desirable, then Stansted residents will point out that there is now no need to shatter Essex's rural calm. But those, such as the British Airports Authority (BAA), who want to develop Stansted, can reply that since Mr Eyre has conceded that Stansted should be developed, why should Heathrow residents be burdened with yet more noise, pollution and traffic from an unnecessary fifth terminal? The Government remains in the hot seat; there is no option it can take which will avoid criticism.

Mr Eyre is careful to explain why he thinks dual expansion is necessary. A fifth terminal at Heathrow involving the relocation of the Perry Oaks sludge works, would take at least 10 years to build and, it is contended, could not meet projected traffic demand between 1990 and 1995. But Stansted's development could be completed by 1991. The issue is not just timing. Stansted, argues Mr Eyre, makes sense as a medium-sized airport like Gatwick, but not as a large airport; its passenger capacity should be limited to 25m a year and ideally kept down to about 15m — the capacity provided by a fifth terminal at Heathrow. But an extra 15m of capacity would not be sufficient to meet air transport needs into the next century, hence expansion is needed at both sites.

The most valuable part of Mr Eyre's report is arguably his

WHEN Mr Alick Buchanan-Smith, Britain's Energy Minister, left for China 12 days ago, at the head of an oil industry sales mission, his mind was not particularly exercised by North Sea oil prices and the future of the British National Oil Corporation.

A few days before his China trip, in an interview with the FT, Mr Buchanan-Smith delivered himself on the then standard line about BNOG — that an internal review had been conducted earlier in the year and no changes in BNOG's operating methods were contemplated.

Today Mr Buchanan-Smith will appear before the House of Commons Energy Committee to be cross-examined upon how the Government proposes to deal with the crisis at BNOG.

In the last week, that crisis has emerged at surprising speed, to the point where it is now clear that BNOG's traditional method of setting official quarterly prices for North Sea crudes has been abandoned by the end of the month, with potentially major ramifications for the structure of world oil prices.

Seeing BNOG totter, its enemies have taken the opportunity to remain a free-market-minded Government of the anomalies of it trying to fix oil prices through a nationalised trading company. Calls for BNOG's abolition or for it to be cut down to size have multiplied — although mostly in private. The oil industry prefers to conduct its campaigns that way.

How did BNOG, which trades about a tenth of the oil which changes hands in Western Europe each day, reach such a pass? And what will happen next?

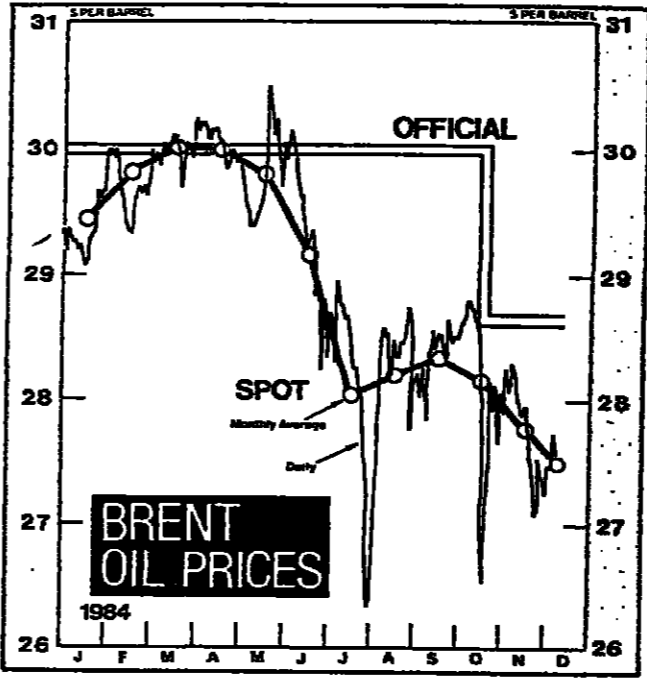
The reason for BNOG's difficulties is that in July both BNOG and the Government decided it was in the UK's national interest to resist falling world oil prices. They did so, as Mr Ian Goskirk, BNOG's chief executive, confirmed last week in the brief that followed a meeting in Vienna, Opec ministers would restrain production and defend their own official prices sufficiently to counter oil market nervousness about a rash of cut-price Opec barrels, desisted by Saudi Arabia's jets for oil swap with Royce-Royce and Boeing.

"You cannot stand in the way of a market, but you can perhaps give the market a possibility of pausing for breath," Mr Goskirk told the Commons Energy Committee. "We have felt on one or two occasions since March 1983 that there was a great deal of sense in doing that."

BNOG's part in the operation was to tell customers that it would not cut its official Brent blend price, then \$30 a barrel, for the third quarter. Mr Buchanan-Smith did his bit by writing to the oil companies, who depend upon his good



IAN GOSKIRK  
British National Oil Corporation's chief executive



By switching to prices based on a monthly average at spot prices, BNOG hopes it will not be taking customers and suppliers for too bumpy a ride.



ALICK BUCHANAN-SMITH  
Minister of State for Energy

graces in securing North Sea licences, asking them to avoid putting pressure on BNOG.

As the chart shows, prices recovered slightly, but not to official levels. BNOG continued to buy at \$30 and to sell at spot prices as low as \$27 — racking up record trading losses and causing the Government in September to prepare for a special grant of £45m to bail BNOG out.

Meanwhile BNOG's customers, not interested in buying oil above the market price, started to desert. By the time BNOG got into the fourth quarter, the customers were still departing, and not even a price cut to \$28.65 would hold them. BNOG was forced to sell more and more of its oil on the spot market — over half its daily 800,000 barrels are being sold that way now.

At the time, the July manoeuvre looked like a risky piece of bluster, which the market would soon quell. With hindsight, it is clear that the BNOG-Government move was a major miscalculation which failed in its objective to settle the market.

But even this does not explain fully BNOG's behaviour since the corporation could have moved quickly to bring its final quarter prices in line with the market and, in effect, returned to its policy of the first half of

the year, when its trading account was in the black.

"BNOG was always market responsive before," says one of many puzzled oil industry people. "We could count on it, but not any more."

No public answer has been given to the question of why BNOG failed to cut its fourth quarter price promptly and sharply — apart from the usual reluctance of the British Government to see prices and, therefore, tax revenues fall. But the word from inside BNOG is "retaliation" — Opec threatened to cut even further to drag prices to a point which would start to make some North Sea production uneconomic.

spot prices and covering shorter periods than a whole quarter.

But as the consultations got under way, it became clear that some oil companies wanted to use BNOG's plight as an opportunity to reopen the entire question of BNOG's future. They were given encouragement in this direction when they started to hear similar sentiments emerging from the Prime Minister's Office, although Downing Street stoutly denies it is involved in any formal BNOG review.

The oil industry's criticisms of BNOG centre on four points:

- That in allowing official prices and spot prices to drift

## Some oil companies wanted to use BNOG's plight as an opportunity to reopen the entire question of its future

If true, BNOG was responding to the standard Opec threat, which British energy secretaries have heard before. But there is no doubt that in recent days the Department of Energy's main policy goal has been to lower BNOG's profile as a price-setter, having deliberately pursued a policy of raising its profile in July. At a simpler political level, this motive translated into a desire to halt BNOG's trading losses, which had started to reach embarrassing proportions.

BNOG and the Department of Energy therefore set to work as quietly as possible to consult the oil companies on a new pricing method, more related to

so far apart, companies have been encouraged, for tax reasons, to sell large quantities of oil in the spot market and then buy back similar volumes. This "spinning" — some companies believe, destabilises the market by multiplying the number of trades.

● BNOG, some companies say, has too high a profile in the oil market, precisely because it has too much oil. Why not, they argue, go back to taking oilfield royalties in cash rather than oil and renegotiate oil company participation agreements with BNOG to reduce from 51 per cent to, say 10 per cent. BNOG's entitlement to crude? "We could sell the oil perfectly well

involved in monitoring inter-company transfers of North Sea oil if BNOG does not set prices (even if this is done according to a spot market formula).

Privately, however, few officials press these arguments too far. They know that the security of supply requirement could be met in some other way and that taxation policy could be enforced by establishing a "tax reference" oil price, as is the case in Norway, for example. Indeed, one of the details BNOG will have to sort out about its proposed new price system is what prices will be desirable for tax purposes.

The real reason for keeping BNOG is not security of supply or tax monitoring or even, in all probability, the Government's desire to snoop on the operating committees, since it has extensive powers there in the licensing procedure to find out as much as it wants to do about activities in the North Sea.

The reason, as Mr Goskirk did not really attempt to conceal last week, is that BNOG and its on-stated intentions so far the Government wants to be able to prevent prices falling too sharply if it can, at a time of chronic world oversupply and weak demand. Its new policy is not to avoid intervention, it is to appear to avoid intervention. There is little doubt that if, in a year's time, BNOG thought market conditions would permit it to return to a less flexible system of official prices and longer contract periods it would do so. BNOG is retreating, not retiring.

If the Government wants to divert BNOG from this course, its simplest and most effective option would be to reduce the amount of oil at BNOG's disposal since, as Mr Goskirk also argued last week, you cannot throw your weight around in the oil market without a "substantial volume of oil." If BNOG is allowed to keep its 800,000 b/d, a figure which has risen with rising UK production, it will be assumed that the Government wants BNOG to remain a big player.

Whether any of this will make much difference to world oil prices is another matter. With the world refining industry still suffering heavy overcapacity and economic growth slowing down, the underlying trends suggest continued price weakness. One month into another mild winter and maybe even, an end to the UK coal mining strike in sight, shorter term factors also point to lower prices.

When Opec ministers meet in Geneva next week, they will no doubt rage about British policy allowing official prices to chase the spot market. But with at least half of Opec's own oil changing hands at discounted or base-based prices, they know only too well that, like BNOG, the superstructure of their official prices bears precious little relation to the foundations of the business.

## View from the bank

No seasonal cheer was offered yesterday by Fritz Leutwiler, who is moving from the presidency of both the Bank of International Settlements and the Swiss National Bank to head the engineering concern Brown Boveri.

He told my man in Basle he is leaving central banking "in rather a gloomy mood about the economic outlook for western Europe."

He elaborated: "We don't have a favourable environment for private economy. There's too little incentive for investment." Reasonable growth rates, he said, were needed to reduce unemployment.

But Leutwiler was still enough of a central banker to add that monetary relaxation would be inflationary and would not create more jobs. Environmental protection regulations were too restrictive, he argued, and protectionism needed to be whittled away. Tax cuts were also needed to help restore growth in Europe.

Yesterday's BIS meeting was Leutwiler's last and it brought to more than 100 the number of monthly gatherings of central bankers in Basle in which he has participated.

His worst moment, he admitted yesterday, had been when Brazil did not repay a bridging loan from the BIS last year. De La Rosiere, managing director of the IMF, went to the Brazilian Government to tell them, "Leutwiler means it — he wants the money back."

"They paid," he recalled with satisfaction.

## New issues

A good omen in the form of a bull, is being highly prized by Process Systems, the latest US company to join the London Stock market.

Stock market bulls are not the only horned animals to have been pawing about rather uncertainly in the U.S. recently. Lawson Hamilton and Frank Hoff, chairman and vice-president respectively of the U.S. maker of microelectronic control gear, have been experien-

## Men and Matters

ing a little trouble with a bull of their own.

Their bull is the biggest resident of their jointly owned ranch in South Carolina. But until recently it has disappointed its owners by failing to produce any offspring.

Hamilton and Hoff decided to rename the troublesome beast porate finance partner with De Zoete & Bevan, the brokers handling their London issue.

They meant no disrespect. It was just that Townsend professed to be bullish about their company's prospects.

By one of those whimsical quirks, back in the U.S. the hooped Townsend's prospects at once perked up. He is now a happy father.

Hamilton and Hoff are hoping that their other new issue will be just as fruitful when it is delivered to the London stock market on Thursday week.

## Making waves

Whitetail scrutineers are believed to have completed a Rayner-style efficiency study of the BBC's External Services. And there are whispers that the report is not entirely complimentary about either the Beeb's management or the way in which the Foreign and Commonwealth Office monitors the spending of £78.5m from its budget.

What nobody seems to know is whether that report is going to be published — and if so, when.

Mrs Thatcher may have seen a copy. She made a tart comment in the Commons the other day about how the BBC has "a duty to give full value for money and to run their services efficiently."

But in other quarters there is some confusion about the



"Our oldest inhabitant — he can remember horse trams, gas lights, the first Stansted protest meeting..."

## Hard words

Tasmanian politicians, it seems, do not mince words. Political invective has flourished in the island more than in any other part of the Commonwealth during the past year.

Parliamentary exchanges have been enlivened by such descriptions of MPs as "thick as a bit of four-by-four" — "sanctimonious so-and-so" — "little left-wing lightweight" — and "little standover Gestapo man." But according to The Table, Journal of Commonwealth parliamentary officials, a much lighter rein was kept on parliamentary language in other legislatures.

In New Zealand, it was ruled out of order to refer to a group of MPs as "shivers looking for a spine" or to what they had to say as "codswallop."

In Australia, "twit" was considered just as offensive as "halfwit" or "dolt." While MPs in India were frowned on for shouting "rubbish" and "por-sense," let alone having the nerve to describe an opponent as "shameless."

both professionally and geographically from his London job of managing the National Coal Board pensions fund.

Jenkins, aged 51, disclosed last week that he was leaving his NCB fund chair.

Gerald Ronson, chairman of Heron, first offered him a top job a full 18 months ago. Jenkins refused at that time because of his NCB commitments.

A coal, Jenkins has been responsible for managing £6.3bn worth of assets. The Heron group cannot match that. But its U.S. interests include a mortgage bank with a \$600m portfolio, a savings and loan association with deposits of \$1.5bn, film financing, video cassettes, and property.

As for North America, he knows it well. The NCB pension fund, under his direction, have built up direct investments there of more than \$700m in real estate, hotels, timber, venture capital, and oil and gas.

## Private life

Hugh Jenkins has moved from the public to the private sector with impressive speed.

He has now been recruited to run the Heron group's U.S. activities from a base in Los Angeles — half a world away

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# Letters to the Editor

### Investing in ourselves

From Mr G. Radice, MP

Sir—For once Malcolm Rutherford (December 7) is below his perceptive best. To claim that Sir Keith Joseph had a "political triumph" over student grants and fees is frankly perverse. Here was the Secretary of State for Education and Science stubbornly resisting any change on Tuesday, yet in the following afternoon having to announce to the House an humiliating climb down. After Tuesday's traumatic meeting of Tory backbenchers he was forced to drop his central proposal, the charging for fees, and to cut back by nearly half his cherished increase in the money going to science. Scarcely the stuff of which political triumphs are usually made!

It was by any standards a famous victory for the Government back benches who went into his Parliament have the voting strength to change the Government's mind. Yet the public display of power over this issue makes the Tories extremely vulnerable to charges that they are only prepared to use their muscle when it involves the interest of their own supporters. Where are their revolts on the reduction in pensioners' heating allowance, or the cuts in regional aid, or over unemployment? Clearly, but not those of the Tories. Unlike them, we believe that the better off should have to pay more. There is however, no reason why particular groups of parents and students should have to finance the increase in the science budget from which the whole community benefits. That ought to be the responsibility of the taxpayer.

We are also strongly against breaching the principle that parents should be required to pay fees. It is true that, under Sir Keith's proposals, charges were to be confined to the relatively wealthy. But this is potentially the thin end of a very thick wedge. The possibility of extending charges to less well off parents would provide the Secretary of State with

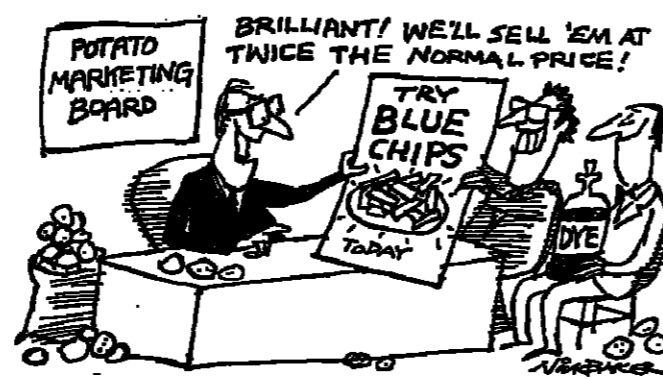
a pot of gold from which he would not be able to resist drawing. In addition, the abolition of the grant breaks the convention that every full time student, who for other purposes is considered an adult, should receive a grant as of right. It also increases the difficulties of those students whose parents refuse to contribute to their education.

The truth is that the Government is in a muddle over student support. The real value of the grant has fallen in each year since the Government took office and is now 14 per cent below its 1978-79 level. The grant is also a muddle over student support. The real value of the grant has fallen in each year since the Government took office and is now 14 per cent below its 1978-79 level. The grant is also a muddle over student support. The real value of the grant has fallen in each year since the Government took office and is now 14 per cent below its 1978-79 level.

The whole system clearly needs a major overhaul. I have urged Sir Keith to set up a review of financial support for all the sciences in the National Advisory Board. It must be independent and not just an internal cost cutting exercise. It also has to consider all the options including increases in taxation on the better off, as well as cuts in respect to loans. I strongly suspect their deterrent effect on pupils from poorer and working class families as well as their inefficiency are likely to prove overwhelming arguments against their introduction.

The main purpose of such an exercise should be to examine how the nation can provide the financial backing that is necessary to open higher and further education to a much wider group than ever before. Investing in post-16 and higher education is not only a benefit to individuals concerned but, as the experience of our main industrial rivals shows, is also essential to our country's future.

Giles Radice.  
House of Commons, SW1.



### The price of potatoes

From Mr J. Fuller

Sir—After a very embarrassing week for the Government we learn on your front page (December 5) that it has wriggled out of its student grant dilemma at a cost of £21m in 1985-86. Turning to the potato marketing board, it is asking for a similar sum of money from the taxpayer in order to force up the price of potatoes against the consumer because they tax payers or on social security.

It would also appear that the PNB has already contracted to buy 448,000 tonnes at a cost of over £20m with money it does not have as yet, purely on a promise from the Ministry of Agriculture that the money will be forthcoming. How is it that Sir Keith Joseph has to endure a major political row for a week for a similar sum when some body in the Ministry of Agriculture can give it away with such ease?

The PNB will no doubt argue that not all the money spent buying potatoes under contract will be lost as it will sell some of them. To whom one might ask? Possibly the processors of crisps and frozen chips who will then not only get cheap potatoes but also be removed as buyers in the open market thus defeating the object of supporting the open market price. As potatoes

cannot be stored indefinitely and released on the market to help in a year of scarcity such as last year, then the rest will be used as a very expensive form of pig wall.

The other major point is that there is no equivalent of the PNB in Holland and under EEC regulations it is free to export as much as it likes to this country, so that if the price is propped up at great expense to the British taxpayer, this hard pressed creature is also helping to line the pockets of the Dutch growers.

One wonders why a body such as the PNB exists at all? Why should potatoes be given preference for a price support operation over other vegetables? Carried to a logical conclusion there should be boards for carrots, brassica sprouts and cauliflower. Fortunately, these do not exist, which is why no doubt these vegetables offer the consumer such excellent value at today's shop prices.

There used to be a Tomato and Cucumber Marketing Board, but thanks to the efforts of the late Jack Merricks this disappeared. The sooner the PNB goes the same way the better for us all.

John H. Fuller,  
15, Aberdour Road,  
Ilford, Essex.

### Helbert Wagg was right

From the Earl of Buchan

Sir—I read your paper carefully every day and have done so for many years.

Each page I believe has its special purpose and does the editorial one not record humorous, unusual or extraordinary events under the "Men & Matters" heading.

I could not therefore make out what a perfectly straight forward piece of reporting on the Helbert Wagg method of conducting a new issue was doing there on December 5. It seemed to me that the editor had examined the article upside down to make sure that nothing was being missed that there wasn't anything particularly humorous, unusual or extraordinary about the procedure adopted by Helbert Wagg. Sensible and what should be done in a properly run world

was how it struck me. On questions of detail as to the actual rankings, they seemed to me as correct as could be devised in what must always be a somewhat sensitive field — who is to say for instance that the Duke of Edinburgh is less than a Duke, girls being known to be touchy in these matters but the simplest scale must always be the best one.

I am drawn to the conclusion that somewhat careless sub-editing may have left out of the article the last sentence which must have originally read 'needless to say the shares went to a substantial premium' as is customary when this right, proper and well tried method is used.

Buchan,  
Garrard House,  
Gresham Street, E.C.2.

### Turning to the microchips

From the Director-General, Electronic Components Industry Federation

Sir—Certainly it is good news, as Guy de Jonquieres wrote on November 23, that Britain is turning to the microchip at an astonishing speed. But his implication that the sources of supply scarcely matters must be challenged. All electronic products are assembled from, and wholly dependent upon, integrated circuits and other electronic components.

Without a healthy indigenous industry, able to design as well as supply such key components, UK manufacturers will sooner or later become critically dependent on overseas suppliers, with some or all of the following likely consequences:

(a) the performance of equipment being increasingly determined by that of components; (b) close liaison between equipment designers and component designers is crucial; (c) a distance of several thousand miles, this is difficult to overcome; (d) performance will naturally and inevitably first be made available to, and applied by, customers close at hand; (e) equipment makers are likely to get delayed access to the latest component technology; (f) similarly in times of shortage, local equipment makers will naturally tend to get priority over British customers for supplies of key components; (g) political intervention by government may block the supply of or our exports of equipment incorporating them; apart from the commercial implications such a situation could well threaten British defence capabilities.

The British components in-

### Opening up opportunities

From the Chairman, Aty Cell

Sir—After the pronouncement made by the Chancellor of the Exchequer, there have been statements by economists Francis Pym and speeches by Peter Walker and the Earl of Stockton, all underlining the feeling within the Conservative Party that not enough is being done to reverse the economic decline. Thinking Tories realise that pouring money into social projects or lame duck industries, will only increase inflation. It is however felt that many self-financing private and public schemes are being blocked or prohibited for unsatisfactory reasons.

Our company is suffering from just such a situation. In August we proposed to the Minister, a revolutionary scheme to use a large block of spectrum in the vacant TV band. If such a scheme were adopted it would

make available to the business community a national business radio service that complements the new cellular services. Such a service could revolutionise the whole of the British (home and export) radio telecommunications industry and allow "service providers" the opportunity to create similar situations and markets in many overseas markets. The position of cellular radio is not so favourable for British industry.

The Prime Minister and her Ministers make statements supporting their creation, opening up opportunities; the smaller entrepreneur; the breaching of technology barriers and export pioneering. The Government's actions must not be seen to belie its noble sentiments.

J. O. Stansley,  
176-184 Vauxhall Bridge Road,  
S.W.1.

### The UK aid programme

From the Director, Export Group for the Constructional Industries

Sir,—It was somewhat difficult to discern the precise points which Mr. Robert Maithwaer wished to make in his piece (November 23) on the Government's foreign aid philosophy, but out of the many statements made the selection of figures which he quoted one might have gained the impression that everything was going well with the British aid programme and that by comparison with our competitor countries we were not only giving a good deal of aid but were also using it in such a way as to benefit British business.

The figures for aid and the breakdown in 1982 (which was for the last year for which internationally comparable figures are available) are given in the table.

around 5:1 in business for the UK per £1 of aid.

Another interesting thing about the British aid programme is the high proportion of the total bilateral aid which is offered in cash grants rather than in soft loans and such grants are often a large proportion of the total cost of a project. This may concentrate the effect of aid and reduce the value to the UK in terms of employment created.

Putting all together suggests that the whole issue requires to be re-examined rather than hummering. The case for aid on humanitarian terms is strong. The case for aid on economic self-interest is equally strong as we cannot live in a world where some countries have no prospect of economic development while others are relatively rich. The case for aid on the basis of a different kind

Aid commitments 1982 (US\$m)				
	Of which			
	Bilateral	Multilateral	Total	Ratio
France	4,341	2,394	786	5:1
Germany	2,718	1,516	990	3:1
Japan	3,609	967	718	5:1
UK	1,112	1,945	2,010	1:1
U.S.	6,108	4,963	2,120	3:1

Readers will see from the table that the ratio of bilateral to multilateral aid is dramatically different in the British case from all major competitors.

The significance of the aid and trade component of the bilateral aid is also over-emphasised in the article Aid and Trade Provision (ATP) in 1983 represented some £33 million within a total bilateral aid programme of £982 million. In other words approximately 5 per cent of the total ATP in relationship to total project aid was in the ratio of 1:7, in other words ATP represented 19 per cent of the total project aid. ATP is calculated to produce a return of

enlightened self-interest is also strong since western countries with high unemployment also have the skills and can develop the projects and make the products which the countries which are developing need. Of course there are judgements to be made in all these matters and balances to be struck.

But there is nothing wrong with devoting more of our aid to bilateral aid, as others do, or with using it to secure employment in the UK as others do for their own people. We could do better.

Peter McGregor  
15-17 King Street  
St James's, SW1

### Just too tough on the kids

From Master R. Perry.

Sir—Several days ago I received my returned application form and cheque from British Telecom together with a letter saying this constituted a multiple application. I assume this was because my dad had also applied for some.

I applied for some shares after seeing the advertisement on the television of children phoning up British Telecom for information. This seemed a good idea to me so I did the same, and I eventually received

my application form and details. My dad helped me to fill out the form and arranged for my cheque.

I am very disappointed to have been stopped from buying shares just because my dad applied for some. I think this is very unfair and I just wondered how many of your readers have disappointed kids like me.

Robert Perry,  
27 Rectory Lane,  
Houghton Conquest, Beds.

WITH BRITISH Telecom out of the way, and British Airways and the Royal Ordnance Factories well on the road to privatisation, the Government is turning its attention to another public sale, the Trustee Savings Banks. As indicated in the Queen's Speech, legislation to transform this group into a public company will be put before the present Parliament, and the deal could go ahead in about a year.

But though it follows a string of divestitures, the TSB sale will be unique in many ways, the main one being that the Government does not actually own it, though the Treasury is responsible for it. In fact, the TSB's ownership status is unknown, which makes it a fascinating legal anomaly and adds intriguing dimensions to its "sale."

Because the Government has no claim to them, the proceeds of the sale which amount to between £550m and £1bn — will stay with the TSB rather than go to the Treasury.

The sale is not, therefore, seen by the Government as a revenue-raising exercise so much as another step in its policy to increase the private sector and stimulate competition in the financial services business.

The sale will double the capital resources of the TSB overnight, which prompts the question of how its relatively newly constituted management under Sir John Read, the former chairman of EMI, will handle this windfall.

The terms of the flotation will have to be very tightly drawn to ensure that ownership really has passed to the new shareholders without any loose ends that would allow some other "owner" to claim wrongful possession.

Even though the TSB has millions of customers, it lacks the clear-cut public image of BT or British Airways. Because of this, an intensive campaign to educate people as to exactly what the TSB is has already been launched.

Dewy Rogerson, the advertising and public relations firm which handled the efforts of the late Jack Merricks this disappeared, has been appointed to get the TSB message across. The merchant bank to the flotation will be Lazarus. The TSB has said that staff and customers will be given priority in the sale, which has already prompted some eager investors to open accounts in the hopes of winning a high place in the queue. But there will be no special "come-ons" like free shares or vouchers a la BT. Priority will be in the form of share allocation.

The TSB is much better known in the north of England and Scotland, where it was founded in the early 1800s as a thrift institution "to help the poor help themselves." For much of its existence it was not allowed to lend: until 1947 all

### Trustee Savings Banks



Sir John Read (left) and Mr Philip Charton

## 'They could take on the world'

By David Lascelles, Banking Correspondent

its deposits went straight to the Treasury to be invested in gilt-edged stock. Only 10 years ago it was still a loosely-knit group of 72 independent banks. But it had enormous strength at the grass roots, in many northern towns people will still direct you to the TSB when you ask for a bank.

Following the Page Report on National Savings in 1973, which recommended that the TSB be developed into the "third force" after the banks and the building societies, the TSB was streamlined round a Central Trustee Savings Bank. Further rationalisation came after the 1979 Banking Act when the number of TSBs was reduced to only four regional ones.

In 1982, the TSB decided to transform the banks into limited companies under a holding company called TSB Group plc which would be listed on the Stock Exchange. This is what the forthcoming legislation will accomplish.

"We said we wanted to be among the big boys," said Mr Philip Charton, the chief general manager at TSB group headquarters just off Chesapeake in the City. "We are also looking for ownership and accountability."

Today, the combined TSBs

have 1,634 branches and assets of about £10bn which puts them up with the larger banks and building societies. But they can boast 6m customers with a total 13m accounts, which is more than the likes of Barclays and NatWest. The group also owns a hire purchase business (acquired when it bought the financially troubled UDT in 1981), credit cards, insurance, unit trusts, a chain of garages and Swan National, the car rental company. The combination of this huge market, the breadth of business and the proceeds of the sale should put the TSBs in an immensely strong position as a purveyor of personal financial services.

"If they get it right, they could take on the world," said an anonymous competitor.

Profits are also rising. De Zoete and Bevan, the stockbrokers, estimate that last year's pre-tax profits of £124m will reach £200m next year, about two-thirds of it coming from banking operations.

But, rich orphan that it is, the sale poses an immense challenge to the TSB. With literally billions of pounds available to lend, it will have to resist the temptation to splash out on easy won but low quality business. According to Mr Ken Cherrert, the manager

until recently many of its senior people were old TSB hands with little experience of the brave new world of finance. But under Sir John Read, the group has gone out and hired seasoned executives from banks, insurance companies and industry to beef up head office. Top people are being sent off to business school, one off them to Harvard. TSB also has its own college in Solihull where staff are given intensive courses in management and marketing. Many time-servers have taken early retirement, but it could be a while before the new attitudes percolate through to all the branches.

In a recent report, Wood Mackenzie, the stockbrokers, detected signs of stress on line management in the TSB's worsening bad debt record, which it puts down to the relative inexperience of lending among local managers.

But generally, the City is highly enthusiastic about the prospect of a TSB flotation, and most brokers' reports, including Wood Mackenzie's, expect it to have a major impact. Grieson Grant has told its clients: "Given the right market conditions, we are confident that the TSB will provide investors with an outstanding investment opportunity."

## HATS OFF TO HUTTON

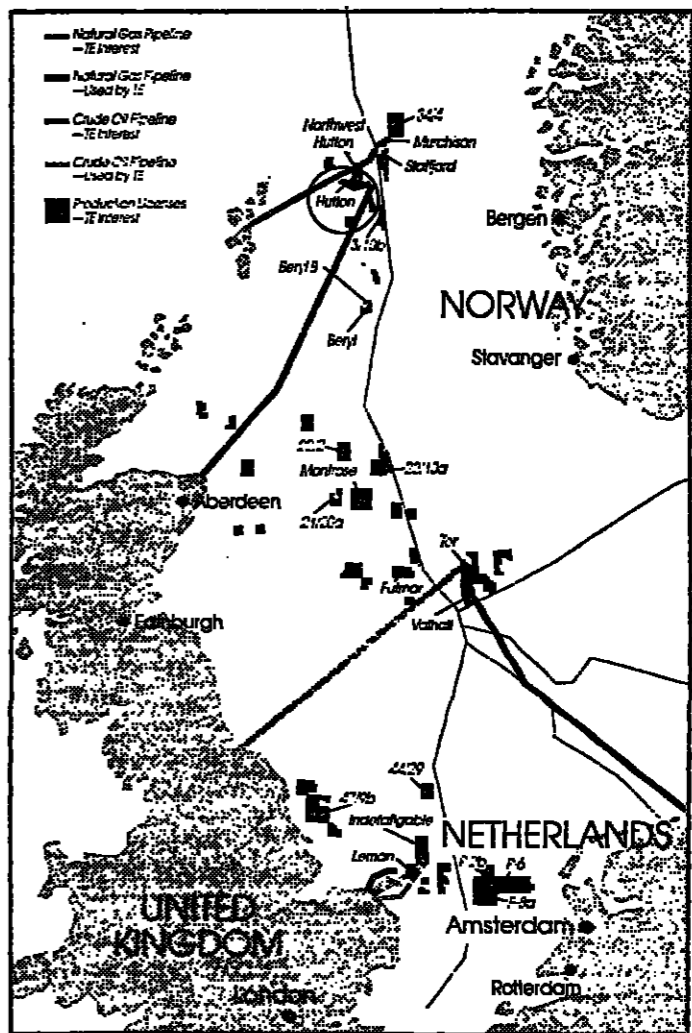
At Texas Eastern, we're proud of our participation in the Hutton Field. With our partners in this U.K. sector field, our latest accomplishment is the successful development, installation and start-up of the world's first tension leg platform (TLP).

Although our home is on the Gulf Coast of Texas in Houston, we know that the business of energy is the business of the world. And it's an ever-changing marketplace.

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Its developments like this — and those accomplished in partnership with other leading companies — that have helped Texas Eastern achieve its remarkable record of success in the North Sea. Through various subsidiaries, including Texas Eastern International Services, Ltd., Texas Eastern Norwegian, Inc. and Texas Eastern Netherlands, Inc., we've helped drill 262 producing wells in this challenging offshore arena.

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This map indicates Texas Eastern's area of activity in the North Sea.

U.K., Norwegian and Netherlands sectors continue strong, with several promising discoveries under evaluation for possible development.

We would welcome the opportunity to send you our latest Annual Report to shareholders, which illustrates our growth. The report also reflects the extent of our operations both in the North Sea and in other parts of the world.

To request a copy, write to: Manager, Investor Relations, Texas Eastern, P.O. Box 2521, Houston, Texas 77252, U.S.A.

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### Buy-out fails for U.S. fast food group

**By Our New York Staff**  
 AN AGREED \$525m management leveraged buyout of Diversifoods, the Chicago-based group which operates more than 1,400 fast-food restaurants, has collapsed due to the failure of the investor group to raise the necessary financing in time.

Diversifoods, whose chief executive, Mr Don Smith, was leading the management buyout, said yesterday it expected its fourth-quarter results from continuing operations to decline sharply from the 25 cents a share earned in the final quarter of 1983. It also said certain one-time write-offs and year-end adjustments still being reviewed might have a further negative impact on the quarter.

The investor group which was being assisted by Allen & Co, a New York-based specialist in leveraged buy-outs, had earlier tried to reduce the \$15.50 per share cash offer it first announced on October 15. Diversifoods' board refused to agree to a lower offer, however.

### Capitol Air changes hands

**By Our New York Staff**  
 CAPITOL AIR, the troubled U.S. charter airline which suspended operations last month, has been sold to yet another group of investors, this time from Puerto Rico, who promise to have the airline back in the air before the end of the year.

Capitol, which recently cut its charter fleet from 14 aircraft to six before suspending flights, has been bought and sold on several occasions over the last couple of years.

## Closure of Californian S&L to cost \$193m

BY WILLIAM HALL IN NEW YORK

THE FEDERAL Home Loan Bank Board (FHLEB), which supervises America's 3,500 thrift institutions, has closed a small Californian savings and loan and says that its action will cost a minimum of \$193m, making it the most costly closure to date in the financially troubled U.S. thrift industry.

The closure of the state chartered San Marino Savings, which had grown rapidly by buying in deposits through money brokers, is the latest example of the shaky condition of many U.S. thrifts and is likely to be used to back an official campaign for much stricter curbs on the industry.

The FHLEB board met yesterday to consider proposals which would severely limit the ability of thrifts to invest in real estate and other

ventures outside their mainstream savings business. In some states, particularly California, savings and loans have been permitted much greater freedom in terms of the types of business they can enter. It has been argued that this enables them to bolster their profits to support their less profitable savings business, but regulators have become increasingly concerned that many institutions are taking undue risks which could exhaust the government fund which insures deposits. Thrift regulators have been concerned by the rapid rise in the number of U.S. thrifts which have run into financial difficulty. They have found it increasingly difficult to persuade healthy institutions to take over the troubled institutions

and as a result have had to shoulder the increasing financial burden. The cost to the regulators of closing troubled thrifts has jumped from \$24m in 1980 to over \$1bn last year, and regulators are worried that the rapid escalation of the costs associated with closure is threatening the deposit insurance fund.

The closure of San Marino, which had assets of \$647m and eight offices, the collapse of Empire Savings and Loan of Mesquite, Texas, had been the most expensive official bail-out costing the agency an estimated \$184m.

Virtually all San Marino's deposits are being transferred to another small Californian thrift owned by Home Federal, an Arizona savings and loan.

### Orsan to purchase Celanese seed unit

By David Marsh in Paris

FRANCE has made a fresh foray into the high-technology U.S. agriculture sector with an agreement by the Orsan group to buy the seed development and production business of the U.S. chemicals company Celanese.

Orsan, the joint agricultural subsidiary of French cement maker Lafarge Cyprie and the farmers cooperative bank Crédit Agricole, will take over the Celanese seed activities, with an annual turnover of \$45m, from January 1. No acquisition price was disclosed.

Lafarge is making a big effort to build up its biotechnology operations, with an eye above all on the U.S. market. The latest deal, which follows Lafarge's acquisition in May of a U.S. company specialising in maize seeds, Wilson Hybrids, will give Orsan 10 per cent control of three Celanese subsidiaries developing vegetable and flower seeds, Harris, Moran and Celprill.

The three companies own seed production and processing facilities in six U.S. states and have agencies in Canada, the Netherlands and Italy.

### Hughes to invest £25m at Scottish microchip factory

BY MARK MEREDITH IN EDINBURGH

HUGHES Microelectronics, part of the Hughes Aircraft Company of California, yesterday announced a £25m (\$29.9m) expansion to its plant in Glenrothes, Scotland, creating 500 jobs.

The fast-growing electronics industry in Scotland has this year accumulated new companies or existing company expansions expected to create nearly 5,000 jobs. The industry has done much to replace jobs lost in the decline of heavy engineering. There are now more than 300 companies and over 40,000 jobs in electronics.

The Hughes expansion, to be fully operational by mid-1986, will be in its production of custom integrated circuits. A new fabrication, assembly and test facility will allow Hughes to introduce a 1.27 cm wafer processing capability. Some of the new investment will go towards the other product lines - hybrid microcircuits, electronics systems, connectors and capacitors. The factory at Glenrothes at present employs 850.

Scotland now has Europe's largest concentration of volume wafer fabrication in the field of integrated circuits with five other "chip" factories. These are Motorola, National Semiconductor, Nippon Electric, General Instrument and Burr Brown. They produce 79 per cent of UK output of semiconductors and 21 per cent of European capacity.

Employment in this particular sector of electronics is due to double to 7,000 in the next few years, according to official estimates.

At a press conference in Glasgow, Mr Iain Duffin, associate managing director of the Glenrothes Hughes factory, said the development of custom chips was not as vulnerable a market as that for volume produced chips. About a third of the Scottish factory's output of all products is channelled within the Hughes Corporation.

The decision for the expansion was made before the UK Government's re-alignment of regional aid last month which saw Glenrothes New Town lose its automatic aid grant giving capability. Incoming companies to this area will still have discretionary government assistance.

The announcement is the latest inward investment success for Lo-cate in Scotland which combines the industrial promotion activities of the Scottish Development Agency with the Industry Department for Scotland (part of the Scottish Office). This one-door approach for incoming industry has attracted over £1bn in projects since it was set up in 1961.

Some key developments in Scotland's electronics sector this year are:  
 ● Indy Electronics of California: a new £20m project for contract assembly and test of integrated circuits. Five hundred jobs expected over the next five years.  
 ● Burroughs: a £10m expansion to its Livingston factory producing data processing equipment for banks; 140 new jobs expected.  
 ● Hewlett-Packard: a £12m expansion to its South Queensferry factory and new product development in field of microwave and communications test products; 600 jobs to be created.  
 ● Digital: £15m investment to add to its Ayr manufacturing plant producing small computers and in silicon chip test and assembly. Could be 200 new jobs.  
 ● Integrated Power Semiconductors of California: a new £15m inward investment project for Livingston; 500 jobs forecast.  
 ● SCI Systems of Alabama: £14m plant for sub-contract assembly work in Irvine; 450 jobs expected.

### Mellon in revised bid for Heritage

By Our New York Staff

MELLOW BANK, the 12th biggest U.S. bank, has re-entered the battle for Heritage Bancorporation, the fifth biggest New Jersey bank, with a \$215m offer.

Mellon's long-running bid to take over Heritage, which has 95 offices and \$1.8bn in assets, has been enmeshed in a court dispute between the Comptroller of the Currency, who approved the merger, and the Federal Reserve Board, which rejected the plan.

Last month, a U.S. appeals court refused to overturn a Federal Reserve order denying Mellon permission to acquire Heritage. Following the decision, several New Jersey banks announced offers for Heritage, which has one of the more attractive banking franchises in the state.

Under the proposed agreement, Mellon will immediately purchase up to \$28m of newly issued Heritage preferred stock, and the latter will use the proceeds to buy back approximately 13 per cent of its own stock at \$50 a share.

### Mattel revival continues

By Our Financial Staff

MATTEL, the Californian toy company, has continued its earnings recovery with third-quarter operating net profits up sharply from \$16.1m, or 80 cents a share to \$29.1m or 83 cents on increased shares outstanding. The company, which was recently rescued after the collapse of its electronic games division, boosted sales in the quarter to October 27 from \$218.3m to \$319.3m.

### AMI seeks entry into UK insurance

BY CARLA RAPOPORT IN LONDON

AMI, one of the leading U.S. health care companies, is planning to enter the £470m-a-year (\$562m) UK private health care insurance market. This is the first significant entry into the market in recent years.

Britain's health insurance market, dominated by the British United Provident Association (Bupa), has been registering low growth in recent years, with less than 10 per cent of the UK population covered by health care insurance.

AMI, which is expected to announce its new scheme early next year, has concentrated on the provision of health care in the UK and owns and operates 11 hospitals in Britain. The new scheme is expected to offer a different health insurance service from that offered by

Bupa or by its main rival, Private Patients Plan (PPP).

AMI is likely to specialise on corporate health care insurance schemes, which account for about one third of the private health care insurance market. Unlike other corporate schemes, AMI is expected to tailor its schemes to each individual company and offer a wide range of services from medical screening to primary hospital care throughout the country, as well as to psychiatric services.

The group intends to aim the new scheme at companies anxious to contain their health care costs as well as those companies which have not yet bought health care insurance for their employees.

### Mapco plans to sell oil and gas assets

By Our Financial Staff

MAPCO, the diversified Oklahoma-based energy group, yesterday announced plans to sell a large part of its oil and gas assets in five transactions totalling \$290m.

The sales are expected to produce an after-tax gain this year of \$100m, although this will be partly offset by previously announced financial adjustments elsewhere in the group which will reduce fourth-quarter net income by about \$70m.

In the largest deal, Consolidated Natural Gas of Pittsburgh is paying \$171m for Mapco's U.S. onshore oil and gas properties. Mapco is also selling its offshore Gulf of Mexico properties, an Oklahoma gas field, and concessions in the Dutch sector of the North Sea and Colombia.

	6 months to September 30		Year to March 31
	1984	1983	1984
	£000	£000	£000
Group income	88,698	77,785	160,129
Associated Companies	2,636	3,777	6,038
	91,334	81,562	166,167
Profits on realisation	25,759	20,431	40,098
Provisions	(18,475)	(15,787)	(27,690)
Income from operations	98,618	86,206	178,575
Operating costs	15,387	14,428	29,350
Profit before interest on borrowings	83,231	71,778	149,225
Interest on borrowings	61,819	52,036	107,343
Profit before exceptional item and tax	21,412	19,742	41,882
Exceptional item - issue expenses	245	516	3,861
Profit before tax	21,167	19,226	38,021
Estimated tax	8,287	7,876	9,926
Profit after tax	12,880	11,350	28,095
Extraordinary items	(473)	857	7,611
	12,407	12,207	35,706

Notes  
 1. An interim dividend will be paid in respect of the year ending March 31, 1985 of 2.5p per share £2,875,000 (1983/84 2.5p per share £2,875,000).  
 2. The figures for the year ended March 31, 1984 are taken from accounts filed with the Registrar of Companies and the Auditors' Report was unqualified.

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The Chicago Mercantile Exchange, the world's most successful foreign currency futures and options market, will soon launch currency options on the British pound and the Swiss franc.

Although it's not yet a year since the CME opened its options on Deutschemark futures, it is already the most actively exchange-traded currency option in the world. Leading banks, institutions and government dealers now use the CME's Deutschemark option as an essential currency dealing and arbitrage tool to lay off risks. Options have also enabled them to provide their customers with an improved and more sophisticated service.

Corporate treasurers use them as "insurance policies" against future rate fluctuations in hedging strategies, tender, or takeover situations, and as an insulation against translation exposures.

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## INTERNATIONAL COMPANIES and FINANCE

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In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 10th December, 1984 to 10th June, 1985 the Notes will carry an Interest Rate of 9 1/2% per annum. The interest amount payable on the relevant Interest Payment Date which will be 10th June, 1985 is U.S. \$496.08 for each Note of U.S.\$10,000.

Credit Suisse First Boston Limited  
Agent Bank

U.S. \$100,000,000

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Credit Suisse First Boston Limited  
Agent BankVeba plans  
DM 18.8bn  
five-year  
spending

By Peter Bruce in Bonn

VEBA, West Germany's biggest industrial conglomerate, plans capital spending of DM 18.8bn (\$6.6bn) over the next five years—the energy and chemicals group's biggest ever investment programme.

Some DM 3.5bn will be spent next year and most of the overall programme would be self-financed, Veba said yesterday.

By far the major focus of Veba's new investment will be electric power generation, which is earmarked to receive some DM 2.3bn in 1985 and DM 9.7bn between next year and 1989.

A significant proportion will go towards strengthening power distribution. The total also includes investment in environmental controls at power stations.

Of the DM 2.2bn investment planned for Veba's oil and gas divisions, most has been earmarked for exploration and production. The company said, however, that rationalisation and "optimisation" of its processing plants would continue. The West German oil refining industry, in particular, is in the process of significantly reducing capacity.

The group also plans to spend DM 2.1bn up to 1989 on restructuring its chemicals division—mainly on restructuring its product range.

Last month Veba reported nine month net profits up 45 per cent at DM 335m. It also seems likely that the group will increase its dividend over DM 2.50 this year.

Kenneth Gooding describes how a West German group takes on the volume producers

## Daimler-Benz goes on the offensive



Werner Breitschwerdt, chief executive of Daimler-Benz which is putting itself on a collision course with BMW.

DAIMLER-BENZ, renowned in the past for being ultra-cautious and conservative, has finally thrown off that mask by unveiling a new mid-sized Mercedes car range and taking up a highly-aggressive stance.

"We are on the offensive," declares the director, Hans-Jürgen Hinrichs. "We will have stronger growth in the car market next year than ever before. And now we have three models in our car range we need the higher volume."

The company modestly sets out to build the best cars in the world in terms of quality and engineering. And so many people believe it has succeeded that the rest of the world's manufacturers measure their products against Mercedes cars to see what they can do to close the gap.

"We are not just offering luxury cars for rich people," Herr Hinrichs asserts. "We offer cars of the highest quality and high safety. There will always be people who want this type of car."

## Creating demand

The company has taken care over the years to help maintain Mercedes' desirability, mainly by keeping cars in short supply. It has always been not to push the market but let it pull us along. We have lost sales opportunities as a result—but the philosophy goes well with our image. We want to create more demand than we have capacity," he adds.

But Herr Hinrichs does not want to return to the days when the waiting list for a

Mercedes could be up to three years and customers would place an order for their next car at the same time as they took delivery of a new one.

Underlying the "hype" and glamour that always surrounds a new car launch there is the hard-nosed, no-nonsense Daimler-Benz approach to business which has taken it to third place in the FT list of Europe's top 500 companies ranked by stock market value.

The executives who have made the Mercedes car business a huge profit-planner are the same people who have shown the ruthless streak necessary to turn Daimler-Benz into the world's leading heavy truck producer.

Daimler-Benz spent DM 1.4bn (about \$494m) on plant and equipment alone for the new mid-sized car range, known internally as W 124. When development costs are added the total investment is well over DM 2bn, similar to expenditure on the 190, the "small" Mercedes with which it expanded its range in January 1983.

Spending of this magnitude means that Daimler-Benz simply must increase its sales volume to get a reasonable return. Next year the company hopes to sell around 520,000 cars, if it can produce them fast enough. That would be an 8 per cent increase on the 1984 total of 480,000, held down by the metalworkers' strike which stopped the German car plants for seven weeks in the summer and according to Herr Werner Breitschwerdt, chief executive, cost the group DM 3.5bn in lost production.

Those figures emphasise, again, that Daimler-Benz is by no means a small-volume of luxury cars. While it falls a long way behind Volkswagen, Fiat, Renault and the Peugeot-Citroen-Talbot group in terms of output, the German company is comfortably ahead of BL (with 1983 output of 473,000 cars) and Ford of Britain. Rivals such as BMW, Volvo and Saab are nowhere near the Mercedes total.

Daimler-Benz will build about 4,000 of the new mid-sized cars this year ready for the launch in most continental markets next month. Sales in the U.S. and Britain will begin next autumn.

Next year nearly 200,000 of the new cars will be produced at the main car plant at Sindelfingen, near Stuttgart. To that will be added more than 200,000 of the compact, 190s and over 100,000 of the top-of-the-range "S" class cars.

To cope with the vagaries of demand, Daimler-Benz has given itself production flexibility at Sindelfingen of plus or minus 40,000 units between the mid-sized cars and the 190s. The Bremen plant in Northern Germany currently produces only the 190—but the equipment could handle the mid-sized cars with some little extra investment.

The old mid-sized cars, dubbed the W123 and launched nine years ago, were the most successful Mercedes ever made. About 2.8m were sold, 1.1m outside Germany. The W123 regularly accounted for over half of the group's total car output.

The new cars are not expected to repeat this performance because of in-house competition from the Mercedes 190. The compact car was designed not to lower the cost of buying a Mercedes (it was priced in line with the old mid-sized models) but to broaden the appeal of the range which until then appeared rather stolid and stogy. The 190 is aimed particularly at young executives and so far has exceeded Daimler-Benz's expectations.

"Conquest" sales (customers attracted from other makes) are running at 50 per cent in Western Europe and 80 per cent in the U.S. where the 190 was launched in September.

But looked at another way, the 190 has been "stealing" half its sales from the mid-

sized Mercedes. Daimler-Benz hopes to stem much of this "cannibalism," as the jargon has it, with the W124 which has similar styling to the 190—thus giving the whole Mercedes range a homogenous appearance it has never had before.

For the first time American buyers will be offered a mid-sized Mercedes with a petrol engine as well as the diesel versions they have been restricted to so far.

## Collision course

Daimler-Benz expects to sell around 80,000 cars in the U.S. this year (up from 74,000 in 1983) making the U.S. by far the largest export market.

But it is in its domestic market that Daimler-Benz has most to lose. The company is determined to keep home sales and exports roughly in 50-50 balance and, according to Herr Hinrichs, this will involve a gradual increase in Mercedes' market share in West Germany from 10 to 12 per cent.

That can only put Daimler-Benz on a collision course with its closest domestic rival, BMW (Bayerische Motoren Werke). The compact 190 seemed to be aimed directly at the same buyers as BMW's 3-series cars (and in the past two months actually outsold the 3-series in Germany).

Now Daimler-Benz will introduce a six-cylinder engine to some versions of its mid-sized cars to challenge BMW's domination of the six-cylinder business. So the contest between Mercedes and BMW will become increasingly fierce.

Developing a  
successful formula  
for the future

## Record earnings

1983/84 was one of Perstorp's best years ever. Sales were up by 18% on the previous year and earnings increased by 30%. For investors in our stock quoted on the London Stock Exchange and the Stockholm Bourse, a dividend increase, a bonus issue and a stock split have been proposed.

The major factor behind Perstorp's success is a well thought-out, long-term strategy. That, together with our strong financial base and wide range of activities, has meant that we have doubled our turnover and tripled our profits in the last five years.

And the new Corporate Structure for Perstorp, dividing the Corporation into nine business areas (plus Pernovo) will allow us to release growth forces essential for our continued development in the 1990s.

## How our Groups performed in 1983/84

## Perstorp Chemicals

Business trends for most Chemical Group products were favourable, particularly for Group Companies outside Sweden. The high rate of exchange for the US dollar meant greater competition from imports in the US, but helped to produce improved results in Europe. All major areas of activity within Perstorp Chemicals contributed to the Group's improved pre-tax profits, which, before financial expenses, rose to SEK 201 million (170 million in 1982/83).

## Perstorp Components

Substantial investments in market and product development projects were made in 1983/84. And as a result, Component Group pre-tax profits before financial expenses declined to SEK 34 million (69 million in 1982/83) for the fiscal year. The decline was caused by substantial costs incurred for new tools for plastic products, marketing investments for foils and initial expenses for Perstorp Unidur GmbH, West Germany. During the year, however, the Group has strengthened its position in the surface materials and plastic components markets.

## Perstorp do Brasil

The Brazilian economy improved during the year and Perstorp do Brasil increased its market share for decorative and industrial laminates. Exports of laminate products from Brazil mainly to the US, also improved significantly.

As a result, pre-tax profits were much better than anticipated, SEK 105 million (67 million in 1982/83)—especially during the second half of the year.

Due to an extensive investment programme Perstorp do Brasil now has a highly sophisticated production unit for industrial laminates and is sole supplier of multi-layer laminates to Brazil's electronics industry.

## Pernovo

Last year the level of Pernovo's business activities was higher than ever before in the Company's history. Turnover more than doubled and pre-tax profits rose sharply.

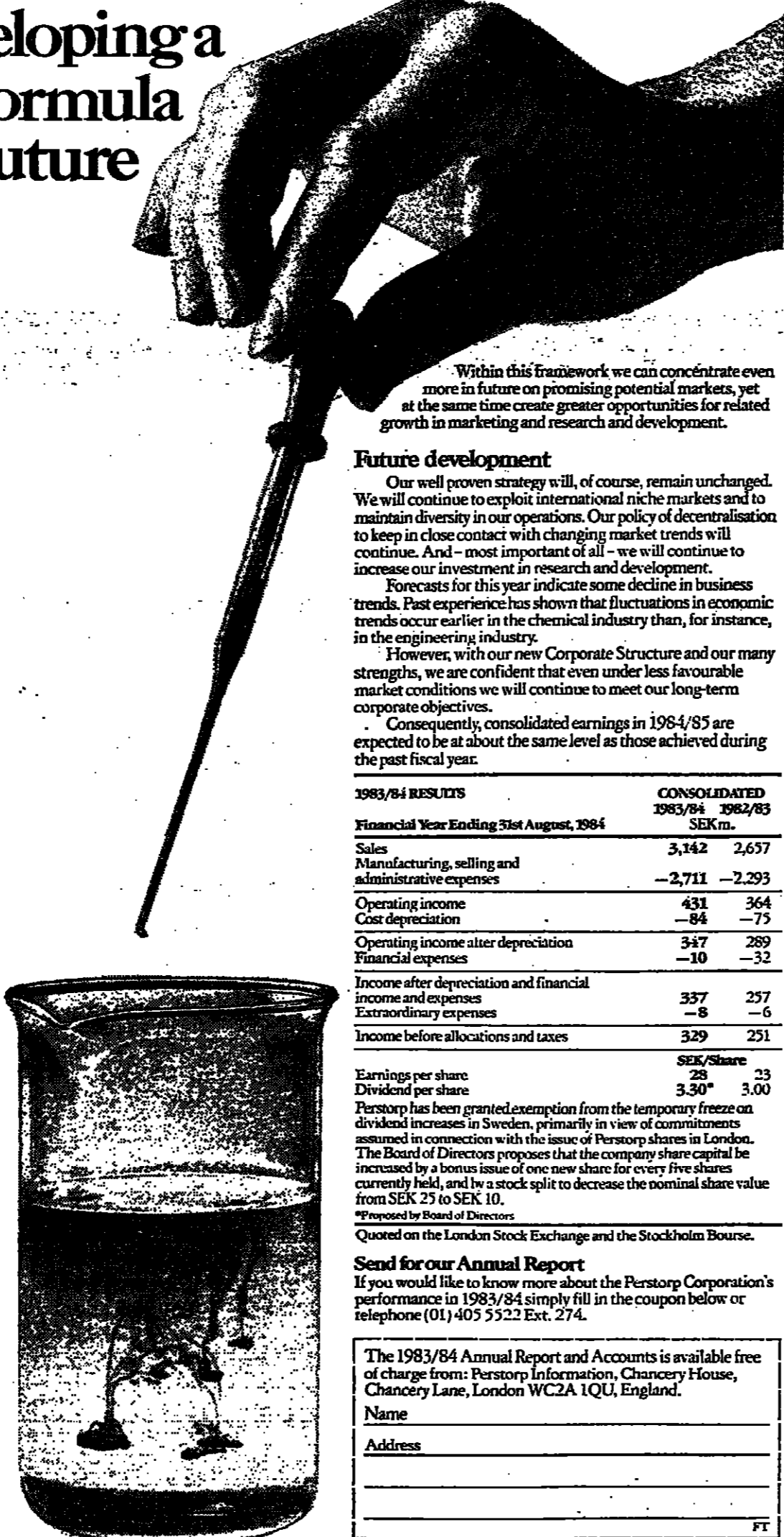
This was mainly due to the Company's increased activities in the fields of noise abatement and analytical systems.

## New Corporate Structure

From the start of September 1984, we established a new Corporate Structure that aims to ensure our leading edge technology continues to prosper in the challenging years ahead.

The table shows the share of Perstorp's total sales which the new business areas would have accounted for, had the new structure been operative during the past fiscal year.

Perstorp Additives	5%
Perstorp Chemitec	6%
Perstorp Components	14%
Perstorp Electronics	10%
Perstorp Specialty Chemicals	17%
Perstorp Components	9%
Perstorp Plastic Systems	5%
Perstorp Surface Materials	23%
Perstorp Biotec	5%
Pernovo and other activities	6%



Within this framework we can concentrate even more in future on promising potential markets, yet at the same time create greater opportunities for related growth in marketing and research and development.

## Future development

Our well proven strategy will, of course, remain unchanged. We will continue to exploit international niche markets and to maintain diversity in our operations. Our policy of decentralisation to keep in close contact with changing market trends will continue. And—most important of all—we will continue to increase our investment in research and development.

Forecasts for this year indicate some decline in business trends. Past experience has shown that fluctuations in economic trends occur earlier in the chemical industry than, for instance, in the engineering industry.

However, with our new Corporate Structure and our many strengths, we are confident that even under less favourable market conditions we will continue to meet our long-term corporate objectives.

Consequently, consolidated earnings in 1984/85 are expected to be at about the same level as those achieved during the past fiscal year.

1983/84 RESULTS	CONSOLIDATED 1983/84 1982/83 SEK m.	
Financial Year Ending 31st August, 1984		
Sales	3,142	2,657
Manufacturing, selling and administrative expenses	-2,711	-2,293
Operating income	431	364
Cost depreciation	-84	-75
Operating income after depreciation	347	289
Financial expenses	-10	-32
Income after depreciation and financial income and expenses	337	257
Extraordinary expenses	-8	-6
Income before allocations and taxes	329	251

	SEK/Share
Earnings per share	28
Dividend per share	3.30*

Perstorp has been granted exemption from the temporary freeze on dividend increases in Sweden, primarily in view of commitments assumed in connection with the issue of Perstorp shares in London. The Board of Directors proposes that the company share capital be increased by a bonus issue of one new share for every five shares currently held, and by a stock split to decrease the nominal share value from SEK 25 to SEK 10.

\*Proposed by Board of Directors

Quoted on the London Stock Exchange and the Stockholm Bourse.

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If you would like to know more about the Perstorp Corporation's performance in 1983/84 simply fill in the coupon below or telephone (01) 405 5522 Ext. 274.

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FT

Downturn at  
Bayerische  
Vereinsbank

By Jonathan Carr in Frankfurt

BAYERISCHE Vereinsbank is the latest major West German bank to report a fall in partial operating profits in January-October compared with a 10-month average of 1983.

The Munich-based bank said partial operating profit, which excludes the results of own-account trading, was down to DM 414.9m (\$136.4m) from DM 463.1m.

It added a "satisfactory dividend" would be paid but did not confirm that it would repeat last year's payout—which was raised to DM 11 from DM 10 per DM 50 share.

Profits from interest business were down by 2.8 per cent in January-October to DM 1.01bn, but the surplus on commissions jumped by 9.8 per cent to DM 209.3m.

The bank said provisions for domestic credit was down on the previous year, but were being raised for foreign credit risks.

Jacobs Suchard expects  
to show advance for year

BY OUR FINANCIAL STAFF

JACOBS SUCHARD, the Swiss chocolate and coffee group, forecasts increased profits for 1984 and says projects aimed at widening its capital base are under consideration.

Chocolate sales from July onwards have been encouraging, and Jacobs says it is overcoming its difficulties in coffee trading in Germany. As a result, earlier expectations of maintained 1984 profits are being revised upwards.

Net profits this year should now total SFr 120m (\$47.2m) against SFr 110m in 1983, the company says. Sales last year were SFr 4.6bn.

In October, Jacobs announced plans to raise SwFr 80m through an issue of warrant bonds. Proceeds were said to be earmarked for expansion and for the consolidation of long term liabilities.

First half 1984 sales improved by 7 per cent to SwFr 2.3bn with chocolate sales moving ahead steadily.

## Electrolux sells stoves division

BY DAVID BROWN IN STOCKHOLM

ELECTROLUX of Sweden, Europe's largest manufacturer of home appliances, is selling the home heating stoves division of Nestor Martin, a Belgian subsidiary, to the Norwegian stove manufacturers Joetull.

Mr Anders Scharp, the managing director, said the stove operation does not fit in with

Electrolux's strategy to concentrate in the appliances sector. It was included in the mid 1970s acquisition of Nestor Martin, has annual sales of about SKr 80m (\$9m) and 200 employees.

Joetull produces mainly wood burning stoves and has an annual turnover of Nkr 261m

## CORRECTION NOTICE



## The Bank of Tokyo, Ltd.

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16 HARCOURT ROAD,  
Hong Kong

## NEGOTIABLE FLOATING RATE UNITED STATES DOLLAR CERTIFICATES OF DEPOSIT SERIES 104 DUE JUNE 10, 1985.

As agent bank for these Certificates of Deposit Morgan Guaranty Trust Company of New York hereby certifies to the holders that the rate of interest payable on the certificates for the interest period beginning December 10, 1984 and ending June 10, 1985 is Nine and seven-eighths Percent (9 7/8%) per annum.

Agent Banks

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## ENERGY RESOURCES &amp; SERVICES INCORPORATED

Net Asset Value  
30th November 1984  
**\$6.82**  
per share (unaudited)

## STOCKHOLDERS FAR EAST INVESTMENTS INC.

Net Asset Value  
30th November 1984  
**\$2.53**  
per share (unaudited)

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The consolidated net asset value per share amounted to US\$219.25.

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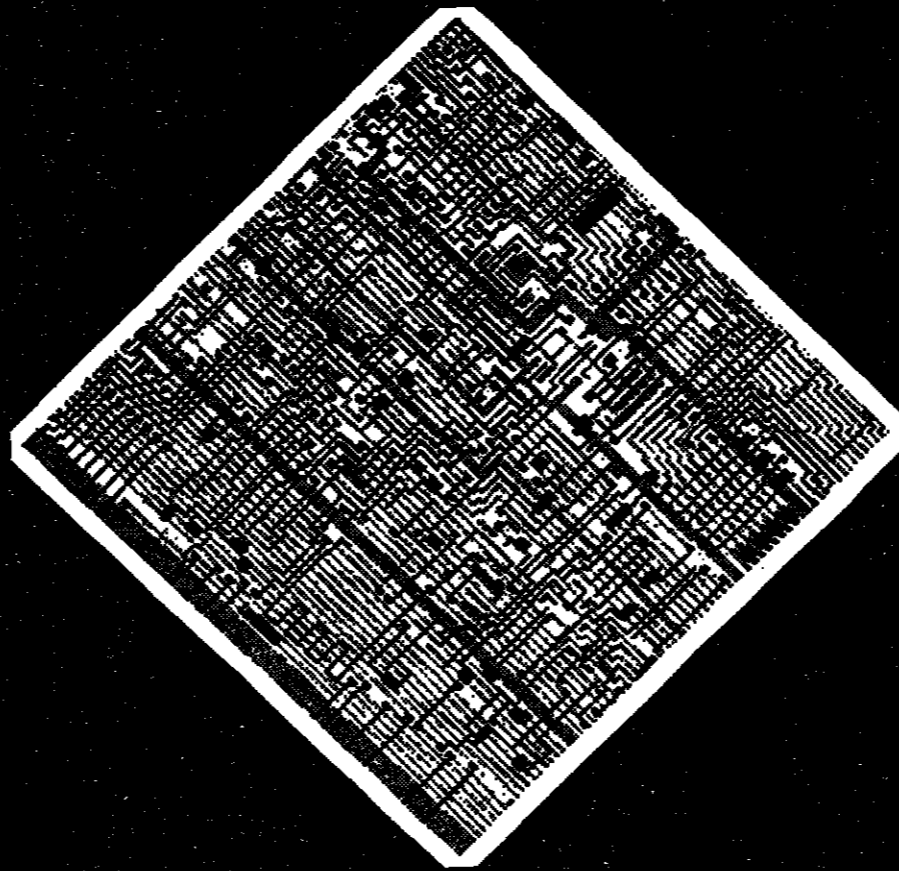
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## INTL. COMPANIES &amp; FINANCE

## Japanese profits head for record

BY YOKO SHIBATA IN TOKYO

THE RATE of growth in earnings of Japan's leading companies is expected to accelerate to push profits to a record level for the current half year to March 1985.

Much of the growth will come from the domestic sector, kept buoyant by capital spending and a gradual recovery in consumer demand. Exports, which have fuelled the recovery to date, are expected to perform more modestly.

From a survey of 421 companies listed on the first section of Tokyo's stock exchange, Wako Securities Research Institute concludes that pre-tax profits will rise in total by 13.1 per cent over the level for the second half of the previous year.

This second-half result would see the surveyed companies increasing their annual pre-tax profits by 24.9 per cent. Earnings for the financial year to March 1985 are forecast to rise by 8.1 per cent.

In the current half year, the electrical and electronic equipment industry is expected to provide the major impetus for the corporate earnings expansion. However, growth among

the semiconductor makers is expected to moderate from the high first half levels which saw a 118 per cent jump in pre-tax profits at NEC, 65 per cent at Fujitsu, and 35 per cent at Hitachi.

On the strength of strong demand for larger chips, Japan's major semiconductor makers have revised their capital outlays for capacity expansion of 256K DRAMS, largely upward to a total of ¥1,000bn (\$4.04bn) for the year. This capacity expansion will bring semi-conductor supply to a peak by the middle of next year.

Mr Kazuo Kida, chief economist of Sumitomo Bank has recently warned "if an over-supply of semiconductors coincides with a slowdown in the U.S. economy, this will have a sizeable impact on Japanese companies, because a large proportion of semiconductors and the products which use them are exported to the U.S."

In fact Japanese management and the stock markets are very sensitive about prospects for semiconductor demand and developments in the U.S. economy. There has been heavy selling of some shares, spurred

by investors' fears of a semi-conductor glut.

The bright spots will probably be in the processing and basic materials industries. In steel, petrochemicals, fibres and other basic materials industries, there is concern that exports may slow down but with robust domestic demand, these industries are all looking to emerge from the current recession.

Machine tool makers are also looking for steady profit gains thanks to a continued high level of orders reflecting the rising level of private sector equipment investment.

In the car industry, expectations are for a slowdown in earnings due to sluggish domestic passenger car sales.

The oil industry, where first half earnings showed setbacks due to the yen's sharp depreciation and falling oil prices, will probably see an improvement. It plans oil product price rises in time for the winter peak demand season.

However, there are some industries who may be left out of the current expansionary trend. The plant engineering industry is in the midst of a deep slump due to the "reverse oil shock"

caused by the earnings problems of the oil exporting countries. Also the construction industry is suffering from the Government's policy of limiting state projects.

Japanese corporations are expected to improve their net financial balances (dividend and interest received minus dividend and interest paid) and this will be an important factor effecting this year's earnings. Two out of every five companies scored surpluses in their financial items.

Notably the steel companies have improved their financial balances by reducing borrowings. The more profitable corporations have reduced borrowings and tapped capital markets at home and abroad and have switched investments into high-yield financial instruments.

A new move among Japanese corporations during the half year was to raise the funds through the flotation of bonds with warrants abroad. There are some companies such as Fujikura and Mitsubishi Gas Chemical who have made huge foreign exchange gains by buying forward dollars in time to redeem such bonds.



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## Legal action over Mount Cook sale to Goodman

BY DAI HAYWARD IN WELLINGTON

GOODMAN INDUSTRIES, the New Zealand food and investment group, is involved in another corporate struggle—this time over the Mount Cook group, one of the country's leading tourist operators.

Air New Zealand is taking court action to prevent the sale of a 47 per cent shareholding in Mount Cook to Goodman. The shares are held by Dominion Breweries (DB).

Air New Zealand holds a 30 per cent interest in Mount Cook and there was a private agreement that if either Air New Zealand or D.B. wished to sell their holdings they would first offer them to the other.

Last Wednesday D.B. did offer its shares to Air New Zealand and on Friday Air New Zealand accepted the offer "subject to the required consents which are urgently being processed." However, on Friday D.B. which is the second largest brewery and hotel group in the country, offered its Mount Cook shareholding to Goodman. The Goodman board made a quick decision and accepted the offer.

Goodman has already bought 19.9 per cent, the maximum it can hold without permission of the Examiner of Commercial Practices and has requested permission to acquire the remainder of the 47 per cent stake held by D.B.

If the deal goes through it will cost Goodman about NZ\$28m (US\$14.1m) and will put it in a dominant position to influence future tourist development. It already holds 34.9 per cent of Newman's, the country's major tourist operator and their chief rival of Mount Cook.

Sometime ago Newman, then known as TNL, failed in a bid to gain control of Mount Cook. One of the attractions was the extensive fleet of aircraft which Mount Cook uses in its tourist operations. When its bid failed Newman decided to set up its own airline and has already purchased two aircraft.

Air New Zealand sold the sale to Goodman comprising the undertaking it had from DB to sell its shares to Air NZ. The DB deal with Goodman values Mount Cook ordinary shares at about NZ\$5.9 each.

## Singapore Land forecasts downturn in earnings

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE LAND, the island state's prestigious property developer, which recently reported better-than-expected annual profits, has again warned that Singapore's current property glut will reduce its earnings in the immediate future.

The warning comes from Mr S. P. Tao, the chairman, in his annual report released yesterday. In particular he points to the problems posed by the company's gateway project, a 37-storey twin-tower complex now going up just outside the central business district.

The report gives the current market valuation of the Gateway at S\$243.9m, S\$162.8m below cost. It adds that no provision has been made for the shortfall between cost and market value because the property is in an early stage of development and it is not clear if it has suffered a permanent decline in value.

Singapore Land controls the project through a 67 per cent stake in Gateway Land, up from 60 per cent last year. So far

shareholders have made money available as adverse soil conditions have caused delays, but Mr Tao says Gateway Land will be a "prime concern in the next few years" as financing arrangements are sought to complete the project and tenants are sought to fill the space.

Last month Singapore Land reported for the year to August a five per cent rise in after-tax profits before extraordinary items to S\$20.7m, on an eight per cent rise in turnover to S\$79.6m. While investment income going up just outside the central business district, the company said that this performance "will not be sustained."

Singapore Land is also developing Marina Square, comprising three luxury hotels and Singapore's largest shopping complex on reclaimed land. Mr Tao confirms in his report that this too will be affected by adverse conditions in the early years after its scheduled completion in late 1985.

This announcement appears as a matter of record only. The Warrants and Bonds have not been registered for offer or sale in the United States. Offers and sales of the Warrants and Bonds in the United States or to United States nationals or residents might constitute a violation of United States law if made prior to the nineteenth day after determination that the distribution has been completed.

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Manufacturers Hanover Limited

Morgan Guaranty Ltd

The Nikko Securities Co., (Europe) Ltd.

Strauss Turnbull & Co. Limited

S. G. Warburg & Co. Ltd.

November, 1984

This announcement appears as a matter of record only. The Warrants and Notes have not been registered for offer or sale in the United States. Offers and sales of the Warrants and Notes in the United States or to United States nationals or residents might constitute a violation of United States law if made prior to February 13th, 1990.

## ITT FINANCIAL CORPORATION

100,000  
Warrants to Purchase  
up to

U.S. \$100,000,000

12 3/8% Senior Notes due November 15, 1994

Goldman Sachs International Corp.

First Interstate Limited

Manufacturers Hanover Limited

Algemene Bank Nederland N.V.

Banque Indosuez

Commerzbank Aktiengesellschaft

Daiwa Europe Limited

Dominion Securities Pitfield Limited

IBJ International Limited

Mitsui Finance International Limited

The Nikko Securities Co., (Europe) Ltd.

Orion Royal Bank Limited

Vereins- und Westbank Aktiengesellschaft

Banque Bruxelles Lambert S.A.

Banque Paribas

Crédit Lyonnais

Deutsche Bank Aktiengesellschaft

Hill Samuel and Co. Limited

Mitsubishi Finance International Limited

Morgan Grenfell and Co. Limited

Nomura International Limited

Union Bank of Switzerland (Securities) Limited

December, 1984



UK COMPANY NEWS

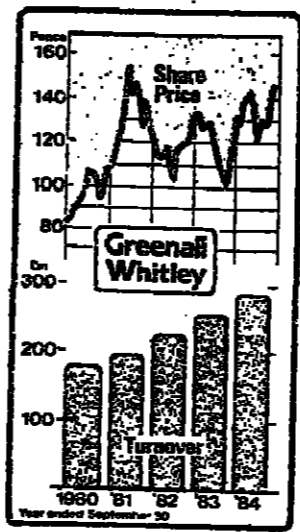
Greenall Whitley advances 18% to £28m

Greenall Whitley pushed full year taxable profits up by 17.9 per cent from £24.01m to £28.31m on turnover ahead at £287.44m against £288.74m.



Mr. Christopher Hutton, chairman of Greenall Whitley

Greenall Whitley's results are worthy rather than sparkling but do indicate the sense of the group's diversification into hotels.



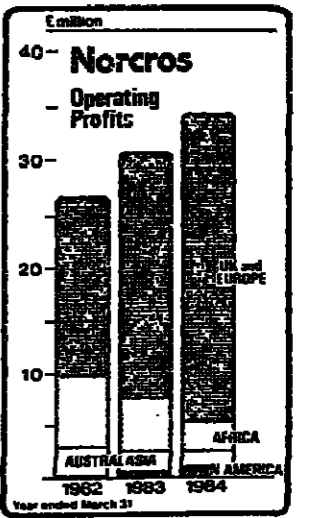
Greenall Whitley's share price performance from 1980 to 1984.

Dobson Park down by over £1m

SECOND HALF pre-tax profits of Dobson Park Industries fell by £1.83m to £2.62m as the firm's results for the full year to September 28 1984 at £7.08m compared with £8.90m.

Setbacks in heavy engineering hit margins at Norcross

FIRST HALF operating profit margins came under pressure at Norcross as the company suffered a series of setbacks in heavy engineering and losses at one of its construction companies.



Norcross's operating profits from 1982 to 1984.

Whitcroft forecasts big profit rise

Whitcroft, textiles, building supplies and engineering concern, lifted pre-tax profits by just over £1m to £3.7m in the half year to September 30, 1984.

Baker Perkins hits £4.9m with optimism

FIRST HALF profits before tax of Baker Perkins rose by £3.33m and with orders on hand at September 30, 1984 exceeding £100m.

its bakery machinery division is losing money. The comfort point from that rather depressing picture is that less elimination should push 1984-85 profits even higher.

group's long term strategy. The pre-tax profit figure was struck after administrative expenses of £3.96m (£5.52m), and interest charges of £249,000 (£276,000).

3i advances to £21.17m

PRE-TAX profits of Investors in Industry Group (3i) improved from £19.22m to £21.17m in the six months ended September 30, 1984.

reputation enough to put UBM well out of reach for the time being. AB Cranes lost more than £1m because it launched itself into the offshore lifting industry at high cost just as prices were plummeting.

HUNGARIAN INTERNATIONAL BANK LIMITED LONDON. The Board is pleased to announce a pre-tax profit of £5,478,384 for the year ended 30th September 1984. Balance sheet total: £198,115,198.

Upturn at Hogg Robinson

AN UPTURN in the travel and transport division has boosted taxable profits of Hogg Robinson from £2.9m to £4.9m for the half year ended September 30 1984.

Granville & Co. Limited. Over-the-Counter Market. Table with columns for Company, Price Change, Gross Yield, P/E, and Fully Paid.

WHO IS BRITAIN'S LEADING OVERSEAS HEALTHCARE GROUP? United Medical Enterprises (UME) has a major stake in the expanding world healthcare services market.

BOARD MEETINGS. Table listing companies and dates for board meetings.

LADBROKE INDEX. Table listing various stocks and their values.

This Advertisement includes information given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the purpose of giving information to the public with regard to the Inter-American Development Bank ("The Bank") and the Stock. Full particulars on the Bank are available in the Excel Statistical Services System. The Bank has taken all reasonable care to ensure that the facts stated herein are true and accurate and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. The Bank accepts responsibility accordingly.



# INTER-AMERICAN DEVELOPMENT BANK

## Issue on a Yield Basis

### of

# £100,000,000 LOAN STOCK 2015

payable as to £30 per cent. of the nominal amount on application and as to the balance of the issue price by June 19, 1985 with interest payable half-yearly on November 15 and May 15

**Baring Brothers & Co., Limited**

**County Bank Limited**

**Lloyds Bank International Limited**

**Hill Samuel & Co. Limited**

**Morgan Grenfell & Co. Limited**

**Kleinwort, Benson Limited**

**N.M. Rothschild & Sons Limited**

**Lazard Brothers & Co., Limited**

**J. Henry Schroder Wagg & Co. Limited**

**S. G. Warburg & Co. Ltd**

Application has been made to the Council of The Stock Exchange for the £100,000,000 Loan Stock 2015 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market. The Stock will initially only be available in registered form, transferable in multiples of one penny. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on Wednesday, December 19, 1984. Stock Certificates will be despatched on July 10, 1985 provided the balance of the moneys payable has been duly paid. No person is authorised to give any information or to make any representation not contained herein or in the Excel Card dated December 10, 1984 giving any information relating to the Bank (or any abridgement thereof or thereof authorised by the Bank) and any information or representation not contained herein or therein must not be relied upon as having been authorised by the Bank or by the Managers named above. This document does not constitute an offer to sell or solicitation of an offer to buy the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Stock is not open for applications to subscribe by U.S. persons. "U.S. person" means any person who is a national, citizen or resident of, or who is normally resident in, the United States, including the estate of any such person, corporations and partnerships created or organised in the United States and "United States" means the United States of America, its territories and possessions and all areas subject to its jurisdiction. The application list will open at 10.00 a.m. on Thursday, December 13, 1984 and will close later the same day.

### INFORMATION RELATING TO THE ISSUE

**Determination of Rate of Interest, Issue Price and Issue Yield**  
The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a Gross Redemption Yield equal to the Issue Yield as determined on the basis described below.

The Issue Yield shall mean the sum of one per cent. and the Gross Redemption Yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 134 per cent. Treasury Stock 2004-2008 (the "Reference Stock") calculated by reference to the price of the Reference Stock on The Stock Exchange at 3.00 p.m. on Wednesday, December 12, 1984, such price to be determined by Baring Brothers & Co., Limited ("Barings") to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The Gross Redemption Yield on the Reference Stock will be expressed as a percentage and will be calculated on the basis set out in the *Journal of the Institute of Actuaries*, Vol. 405, Part 1, 1978, page 18. The rate of interest attaching to the Stock will be an integral multiple of one eighth of one per cent. and will be consistent with an issue price as near as possible to £85 per cent. The issue price will be expressed as a percentage rounded to three decimal places (with 0.0005 being rounded upwards). It is intended that notice of the Issue Yield, rate of interest, issue price and the amount of the first interest payment will be published in the *Financial Times* on Thursday, December 13, 1984.

**Underwriting Arrangements**  
By an Underwriting Agreement dated December 10, 1984, Barings, County Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Lazard Brothers & Co., Limited, Lloyds Bank International Limited, Morgan Grenfell & Co. Limited, N.M. Rothschild & Sons Limited, J. Henry Schroder Wagg & Co. Limited and S. G. Warburg & Co. Ltd. (the "Managers") have agreed with the Bank to underwrite the issue of the Stock. Barings, on behalf of the Managers, and the Bank may agree in certain circumstances to terminate the Underwriting Agreement, which is subject to certain conditions and accordingly, if they so agree or the Underwriting Agreement does not become unconditional, applications for the Stock will become void or, as the case may be, no applications for Stock will be accepted.

**Terms of Payment in Respect of Applications**  
Each application, unless made by a recognised bank or stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque payable to "Baring Brothers & Co., Limited" and crossed "IADB Loan", representing payment at the rate of £30 per cent. of the nominal amount of the Stock applied for. Such cheques must be drawn on a branch in the United Kingdom (including Northern Ireland), the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

An alternative method of payment is available in respect of payments of £50,000 or more only to recognised banks or stockbrokers who irrevocably engage to pay Barings for credit to the account designated "IADB Loan" by 10.00 a.m. on Wednesday, December 19, 1984 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted. The expression "Town Clearing Funds" shall mean a cheque, bankers' payment or bankers' draft which is eligible for presentation in the Town Clearing System in the City of London.

Barings, on behalf of the Managers, reserves the right to retain the relevant allotment letters and surplus application moneys (if any) pending clearance of applicants' remittances.

The balance of the amount of the Stock allotted must be paid so as to clear by 12 noon on Wednesday, June 19, 1985. Any amount paid in advance of its due date shall not bear interest.

Failure to pay the balance on any Stock when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate per annum of 4 per cent. above the base rate for the time being of Barings may be charged on such balance if accepted after its due date. The Bank further reserves the right, without prejudice to any other rights, in default of payment to sell any such Stock fully paid for its own account.

The expression "recognised bank or stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as Barings shall at their absolute discretion agree for the purposes of the issue.

**Delivery**  
Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, December 19, 1984 by first class post at the risk of the person submitting the application in accordance with the instructions stated on the Application Form.

Allotment letters may be split up to 3.00 p.m. on Monday, June 17, 1985 in accordance with the instructions contained therein into denominations or integral multiples of £100 nominal amount of Stock. Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by Barings by 3.00 p.m. on Wednesday, June 19, 1985 the Stock represented by such allotment letter will, when fully paid, be registered in the name of the original allottee and thereafter Stock will be transferred only by transfer.

Stock Certificates will be despatched on July 10, 1985 after which date allotment letters will cease to be valid for any purpose.

### TERMS AND CONDITIONS OF THE STOCK

The issue of the Stock has been authorised by a Resolution of the Executive Directors of the Bank passed on November 28, 1984 and will be constituted as an unsecured obligation of the Bank by an Instrument to be dated December 19, 1984 (the "Instrument") to be executed by the Bank and deposited with Barings.

The Stock is an obligation of any government. The following is a summary of the terms and conditions relating to the Stock:-

**Status**  
The Stock will represent a direct and unsecured obligation of the ordinary capital resources of the Bank for the due and punctual payment of principal and interest in respect of the Stock and for the performance of all obligations of the Bank with respect thereto. However, the Agreement Establishing the Inter-American Development Bank (as amended) allows the merger of the inter-regional capital stock and the ordinary capital stock of the Bank at such time as the Bank shall have discharged its liabilities on all its ordinary capital borrowings which were outstanding at December 31, 1974. In the event of such merger, the Stock would be payable from the merged capital resources.

The Stock will rank *pari passu* with all bonds, notes, stock and other evidences of indebtedness issued, assumed, or guaranteed by the Bank and payable from the same capital resources for the time being as the Stock.

**Negative Pledge**  
As long as any of the Stock shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes, stock or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Stock shall be secured by such mortgage, pledge or other lien or charge equally and ratably with such bonds, notes, stock or other evidences of indebtedness.

**Interest**  
The Stock will bear interest from December 19, 1984 at a rate per annum to be determined in accordance with "Determination of Rate of Interest, Issue Price and Issue Yield" above. Interest will be payable by equal half-yearly instalments on November 15 and May 15 ("Interest Payment Dates") in each year except that the first payment of interest will be for the period from December 19, 1984 to November 15, 1985 and will be calculated using the following formula:-

$$EI = R \times \frac{182}{365} \times \frac{30}{P} + R \times \frac{149}{365}$$

where  
EI is the first payment of interest on £100 nominal amount of Stock (rounded to three decimal places with 0.0005 being rounded upwards),  
R is the percentage rate of interest attaching to the Stock, and  
P is the issue price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused by the Bank.

**Form and Transfer**  
The Stock will initially be issued in registered form and will be transferable in multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1983 and the Stock Exchange (Completion of Bargains) Act 1976 of Great Britain applied or by any other form approved by the Bank. The initial Register and Transfer Office for the Stock will be at Barings, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

The Bank reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a registrar having a specified office in London has been appointed and notice of whose appointment has been given to holders of the Stock in accordance with "Notices" below.

**Redemption and Purchase**  
(a) **Redemption**  
Unless previously purchased and cancelled or redeemed, the Bank will redeem the Stock at par on May 15, 2015.

### (b) Purchases and Cancellation

The Bank may at any time purchase Stock on any recognised stock exchange or by tender (available to all holders of the Stock alike) at any price or by private treaty at a price (exclusive of accrued interest and all costs of purchase) not exceeding 120 per cent. of the middle market quotation of the Stock on The Stock Exchange (or, failing such quotation, on such other stock exchange on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but save as aforesaid, the Bank may not purchase any Stock. The Bank will be entitled to hold and deal with Stock purchased under this paragraph (b), which may be cancelled or not as the Bank thinks fit.

**Payments**  
Payments of principal and interest will be made in pounds sterling by warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be sent to the holders' risk by post to persons who are registered as holders of Stock at the close of business on the relevant Record Date (as defined below) or to their nominated agents to make payable to such holders or as they may direct in the case of joint holders, the warrant will be sent to the first-named unless instructions to the contrary are given in writing. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Registrar is not open for business then the Record Date shall mean the first day thereafter on which such specified office is open for business.

**Events of Default**  
If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund, in any bonds or notes (including the Stock) or similar present or future obligations which have been issued, assumed or guaranteed by the Bank or in the performance of any other obligation arising from "Negative Pledge" above, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Stock may deliver or cause to be delivered to the Bank at its Principal Office in the City of Washington, District of Columbia, United States of America, written notice that such holder elects to declare the principal of all Stock held by him to be due and payable, and, on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Stock shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

**Prescription**  
Principal will cease to be payable on the expiry of a period of 10 years and interest will cease to be payable on the expiry of a period of 5 years, in each case from the due date.

**Replacement of Stock Certificates**  
If any Stock Certificate is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as those Bank and the Registrar may require. Mutilated or defaced Stock Certificates must be surrendered before replacements will be issued.

**Bearer Stock**  
The Instrument will provide that the Bank may, by executing a supplemental instrument in form satisfactory to the Registrar but without the consent of the holders of the Stock, make provision for the Stock to be exchangeable for Stock in bearer form and for such Stock to be exchangeable for Stock in registered form, in each case at the option of the holder, all on such terms as will be set forth in such supplemental instrument. In such event the terms of the Stock shall, as from the date specified in such supplemental instrument, be deemed to include such provisions and all the Stock will be entitled to the benefit of, and be held subject to, such provisions.

**Further Issues**  
If the Bank wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental instrument on terms that it shall be or become convertible and form a single issue with the Stock.

**Modification of Rights**  
Except as mentioned above, the conditions of the Stock, the provisions of the Instrument and the rights of the holders of the Stock will be subject to modification by Extraordinary Resolution of the holders of the Stock as provided in the Instrument. Such a Resolution will require a majority of not less than three-quarters of the votes cast thereon.

**Notices**  
All notices shall be valid if despatched by post to the holders of the Stock at their registered addresses (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the day following the date of such despatch.

**Governing Law**  
The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England. Legal proceedings in connection therewith may be brought in the courts of England.

### INFORMATION RELATING TO THE STOCK

**Purchase Fund**  
By an Agreement dated December 10, 1984 (the "Purchase Agency Agreement"), the Bank has appointed Barings as its purchase agent (together with any successor, the "Purchase Agent") in relation to the Stock (which for this purpose includes the stock of any further issue made pursuant to "Terms and Conditions of the Stock - Further Issues" above once it has become consolidated with the Stock then outstanding). The Purchase Agent will endeavour to purchase on The Stock Exchange or otherwise £2,000,000 nominal amount of the Stock (including rights thereto and, in the case only of the £2,000,000 nominal amount of Stock now being offered, regardless of whether partly or fully paid) for the account of the Bank during the two year period ending December 19, 1986. Purchases will be made at such prices (exclusive of accrued interest and all costs of purchase) as the Purchase Agent may at its sole discretion consider reasonable in the light of then prevailing market conditions, but not exceeding the issue price of the £2,000,000 nominal amount of Stock now being offered (or, so long as such Stock remains partly paid, 130 per cent. of the nominal amount thereof) at such times within such two year period as the Purchase Agent may at its sole discretion determine. Stock so purchased will be cancelled. The nominal amount of Stock which the Purchase Agent will be required to endeavour to purchase pursuant to the Purchase Agency Agreement will be reduced to the extent that the Bank purchases Stock otherwise than through the Purchase Agent and submits such Stock to the Purchase Agent for cancellation. Within 21 days of each Interest Payment Date the Bank will announce the nominal amount of Stock cancelled pursuant to the Purchase Agency Agreement during the six months preceding such Interest Payment Date.

The Bank undertakes that it will not terminate the Purchase Agency Agreement during the above two year period or seek to amend it so as to reduce the £2,000,000 nominal amount or the two year period or the maximum prices mentioned above. Any amendment to the Purchase Agency Agreement will be notified to holders of the Stock in the same manner as notices to holders of the Stock are required to be given in accordance with the terms and conditions of the Stock.

The above undertaking is a term or condition of the Stock. The Purchase Agent will act solely as the agent of the Bank and does not assume any duty of agency or trust towards the subscribers of the Stock or the holders for the time being of the Stock.

**Current United Kingdom Tax Treatment and Stamp Duty**  
Interest on the Stock is payable without deduction of United Kingdom income tax. On the occasion of each interest payment the Registrar will supply the Inland Revenue with the names and addresses of the holders of the Stock to whom interest is due, the amount of Stock held by them, the names and addresses of any other persons to whom interest is paid on the instructions of such holders and the amount of interest paid on such persons.

The Stock will not be a "deep discount security" the tax treatment of which falls to be determined by reference to Section 36 of, and Schedule 9 to, the Finance Act 1984. The Inland Revenue has confirmed that the issue price of the Stock may be below its nominal value, no part of that nominal value paid on redemption of the Stock on May 15, 2015 (or upon the Stock becoming redeemable following an event of default pursuant to the provisions set out under "Events of Default" above) will be treated as subject to United Kingdom tax as income (except where the recipient is a person holding the Stock as a dealer for United Kingdom tax purposes). They have also confirmed that, under current law, on a disposal of the Stock in the open market by a holder of the Stock (other than a disposal by a person holding the Stock as a dealer for United Kingdom tax purposes, but including any disposal by any other person on a purchase made by the Bank pursuant to the provisions set out under "Redemption and Purchase" or "Purchase Fund" above), no part of the disposal proceeds received will be subject to tax as income.

The Bank has been advised that the Stock will be a qualifying corporate bond within the meaning of Section 64 of the Finance Act 1984 for the purposes of United Kingdom tax on capital gains on the basis that the Inland Revenue have confirmed, *inter alia*, that the fact that the Stock may be issued at the discount envisaged in this issue will not itself mean that the conditions of Section 64 (2)(b) are not satisfied. As a qualifying corporate bond, gains on Stock held for more than 12 months will generally be exempt from tax by virtue of Section 67 of the Capital Gains Tax Act 1979 (as extended by Section 64 of the Finance Act 1984). Capital losses on disposal of Stock held for more than 12 months from the relevant acquisition will not be allowable losses. If the disposal is within 12 months from the relevant acquisition, any gain will be taxable and any capital loss will be allowable, subject to the detailed legislation dealing with the identification of securities and utilisation of losses.

Transfers of the Stock are free of United Kingdom stamp duty. Persons contemplating the acquisition of Stock who are uncertain as to their United Kingdom tax treatment or as to their treatment under the revenue laws of other jurisdictions should consult their professional advisers.

**Stock Exchange Listing**  
The Stock will be eligible to be dealt in on The Stock Exchange in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. Under current market practice the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less to run to maturity.

It is expected that dealings in the Stock on The Stock Exchange will begin on Friday, December 14, 1984, without documents of title and at seller's risk, for deferred settlement on Thursday, December 20, 1984.

**Trustee Status**  
When the Stock is listed it will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

**Insurance Company Regulations**  
The Bank is an "approved financial institution" within the meaning of Part V of the Insurance Company Regulations 1981.

### USE OF PROCEEDS

The net proceeds to the Bank from the issue of the Stock will be included in its ordinary capital resources and used in its ordinary operations.

### SUMMARY INFORMATION REGARDING THE BANK

All amounts set forth below are expressed in current United States dollars.

### Establishment, Domestic and Membership

The Inter-American Development Bank is an international institution, the members of which are governments. It was established and is operating under the Agreement Establishing the Inter-American Development Bank signed by those governments. The Bank officially began operations on October 1, 1960. Its principal office is located in Washington, D.C. Forty-three governments are members of the Bank, including the United States and twenty-six other American governments, and the governments of sixteen non-regional countries.

**Purpose of the Bank**  
The purpose of the Bank is to further the economic and social development of the regional developing member countries, individually and collectively.

**Capital Resources of the Bank**  
The capital resources of the Bank consist of the inter-regional capital resources and the ordinary capital resources. The inter-regional capital resources are held, obligated and otherwise disposed of entirely separate from the ordinary capital resources.

The Agreement provides for the ultimate merger of the inter-regional and ordinary capital resources. It is intended to propose to member governments that the merger take place by the end of 1986. In this connection, the Board of Executive Directors has authorised the advance redemption by the end of 1986 of the Bank's ordinary capital borrowings issued prior to 1975 and maturing after December 31, 1986. The purpose of the advance redemption is to establish the preconditions for the merger of the two capitals.

### Capital Borrowings Outstanding as of June 30, 1984 (\$000's)

	<i>Inter-regional</i>	<i>Ordinary</i>	<i>Illustrative Combined</i>
Repayable in:			
United States dollars	\$ 867,680	\$ 1,156,269	\$ 2,023,949
Currencies of other regional members		15,935	15,935
Currencies of non-regional members	2,031,794	1,318,163	5,349,957
<b>Total Borrowings</b>	<b>\$ 2,899,474</b>	<b>\$ 2,490,367</b>	<b>\$ 5,389,841</b>

### Capital Stock and Reserves as of June 30, 1984 (\$000's)

	<i>Inter-regional</i>	<i>Ordinary</i>	<i>Illustrative Combined</i>
Subscribed Capital	\$ 8,292,343	\$13,408,746	\$21,901,089
Less-Callable portion of subscriptions	7,437,259(7)	12,338,335(7)	19,795,634
<b>Paid-in Capital Stock</b>	<b>855,084</b>	<b>1,070,411</b>	<b>2,105,455</b>
General Reserve	171,685	1,270,118	1,441,803
Special Reserve	57,369	301,730	359,099
<b>Total Paid-in Capital Stock and Reserves</b>	<b>\$ 1,084,098</b>	<b>\$ 2,622,259</b>	<b>\$ 3,906,357</b>

(7) The callable portion of inter-regional capital subscriptions, totalling \$7,437,259,000 may be called only when required to meet the obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount may not be called by the Bank to make loans.

(8) The callable portion of ordinary capital subscriptions, totalling \$12,338,335,000 may be called only when required to meet the obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount may not be called by the Bank to make loans.

**Loans Operations**  
As of June 30, 1984 the Bank had approved loans from its inter-regional capital resources in an aggregate principal amount equivalent to \$7,404,551,000 to finance programmes or projects in 18 countries. Of that amount, sales to participants and repayments by borrowers were the equivalent of \$459,893,000. The undisbursed balances were the equivalent of \$4,657,350,000 and outstanding balances held by the Bank were the equivalent of \$2,287,308,000.

As of June 30, 1984 the Bank had approved loans from its ordinary capital resources in an aggregate principal amount equivalent to \$7,941,725,000 to finance programmes or projects in 22 countries. Of that amount, sales to participants and repayments by borrowers were the equivalent of \$2,333,124,000. The undisbursed balances were the equivalent of \$2,349,580,000 and outstanding balances held by the Bank were the equivalent of \$3,259,021,000.

### Summary of Balance Sheet of Inter-regional and Ordinary Capital as of June 30, 1984 (\$000's)

	<i>Inter-regional</i>	<i>Ordinary</i>
Assets		
Cash	\$ 13,519	\$ 231,258
Investments	1,047,484	1,279,190
Loans outstanding	2,287,308	3,259,021
Accrued interest and other charges	93,625	105,731
Receivable from members	548,015	165,531
Other assets	56,508	71,158
Special Reserve assets	57,369	301,730
<b>Total Assets</b>	<b>\$4,104,428</b>	<b>\$5,411,619</b>

### Liabilities and Capital

Borrowings, less unamortized discount	\$2,892,263	\$2,484,219
Accrued interest on borrowings	106,109	67,168
Accounts payable and other liabilities	21,958	37,973

Capital		
Capital Stock		
Subscribed	8,292,343	13,606,746
Less-Callable portion	7,437,259	12,338,335
<b>Total Capital</b>	<b>855,084</b>	<b>1,270,411</b>

General Reserve	171,685	1,270,118
Special Reserve	57,369	301,730
<b>Total Liabilities and Capital</b>	<b>\$4,104,428</b>	<b>\$5,411,619</b>

UK COMPANY NEWS

Norton Opax grows to £1m halfway

Summary of Income and General Reserve for the six month period ending June 30, 1984 and 1983

	1984		1983	
	Inter-regional	Ordinary	Inter-regional	Ordinary
Total income	\$173,547	\$146,318	\$216,536	\$193,964
Expenses				
Borrowing expenses	135,463	119,671	108,179	81,096
Administrative expenses	13,537	13,138	17,609	16,224
Total Expenses	149,000	132,809	125,788	97,360
Net income	24,547	13,509	90,748	96,704
Allocation to Special Reserve	(6,137)	(3,377)	(15,899)	(15,686)
Addition to General Reserve	18,410	10,132	74,849	81,018
General Reserve beginning of period	153,344	130,044	1,201,409	1,063,993
Translation adjustments	(89)	93	(6,140)	(9,046)
General Reserve end of period	\$171,685	\$140,269	\$1,270,118	\$1,135,965

The information relating to the Bank is qualified and further explained by the detailed information published on behalf of the Bank in the Extraordinary Report relating to the Bank dated December 10, 1984 which is available in the Extraordinary Report and copies of which may be obtained from: Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE.

**GENERAL INFORMATION**

The Bank has agreed to pay to the Managers an amount aggregating £1.25 per £100 nominal amount of Stock in connection with their services as managers and underwriters of the issue, out of which will be paid by the Managers, on behalf of and as agents for the Bank, commissions to the brokers to the issue in respect of their services to the Bank in connection with the issue and to certain other persons who have agreed with the Bank to accept underwriting participations in respect of the issue of the Stock. The Bank will also pay brokerage of one eighth of one per cent. of the nominal amount of Stock issued pursuant to subscriptions received from or through recognised banks and stockbrokers on Application Forms bearing their stamp or in respect of forms of application accepted by Baring Brothers & Co., Limited as being from a recognised bank or stockbroker; this commission will not, however, be paid in respect of any allotments which arise out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions and brokerage) are estimated to amount to about £1.5 million and are payable by the Bank.

A POLICY of strategic growth has continued at Norton Opax for the six months to the end of September 1984, and pre-tax profits have climbed from £388,000 to £1.01m on turnover of £17.77m against £4.51m.

Mr David Rocklin, chairman, is confident that, like the interim figures, full year results for 1984-85 will be another record. During the period, acquisitions by this security and specialist printer included Broadprint Group and Lund Humphries, and since the year-end interests have been extended into media sales, with the acquisitions of Twentieth Century Theatre Publicity and Manor House Press.

Benefits arising from the acquisition policy have enabled the directors to achieve the aim of lessening the cyclical nature of the business and to bring the two half years' results more into balance.

In the last full year, pre-tax profits were £1.01m on turnover of £10.6m.

The net interim dividend has been held at 1p on capital increased by acquisitions, and a one-for-five scrip is also proposed. The directors intend to at least maintain the dividend on the enlarged share capital.

First half earnings per share are shown as moving ahead from 2.41p to 5.61p.

A rights issue last July raised £5m. The directors report that the Prudential Corporation now has an interest in 6.4 per cent of ordinary shares.

Trading profits of £1.29m (£408,000) were subject to interest of £284,000 (£30,200). Tax amounted to £352,200 (£170,000). There were extraordinary debits this time of £82,000 (£233,000) and dividends will absorb £125,000 (£67,000), leaving retained profits up from £374,000 to £447,000.

The group, formerly known as Norton & Wright, made a £10.7m bid for John Waddington last May. At that stage, it was expanding rapidly after a management reorganisation following problems with its traditional lottery business.

Chief executive Richard Hanwell hit the headlines last year as one of the two men who tried to buy John Waddington. Now Norton Opax is making news with the acquisitions Mr Hanwell did complete. These account for more than two-thirds of the increase in trading profits. Equally importantly, despite a rights issue and share issues to fund the purchases earnings per share are up 132 per cent. The old lottery business, though more profitable than ever, accounts for under 20 per cent of turnover against over 90 per cent two years ago. The other arms of the group are now security printing, colour printing and advertising sales, which is being expanded greatly by the two most recent acquisitions. Twentieth Century Theatre Publicity and Manor House Press. Norton should make £3.2m pre-tax this year, which on a 35 per cent tax charge puts the shares, up 3p to 135p, on a multiple of about 13½ times. They look undervalued given that the potential of the companies bought so far has yet to be fully exploited.

Crown House up to £1.5m midway

PRE-TAX PROFITS at Crown House rose from £1.09m to £1.47m in the six months ended September 30 1984, and Mr Patrick Edge-Partington, the chairman, says that a "not unsatisfactory outcome to the year's trading should be achieved."

The half year result is an indifferent guide to the likely year's results, says the chairman, and he does not expect a profit advance on the scale achieved in the last full year, when the group taxable profit reached £8.8m, a rise of some 35 per cent.

After stripping out the contribution from subsidiaries disposed of since April 1983 the result from this electrical and mechanical engineer and contractor and manufacturer of table glassware was £1.31m against £986,000.

The interim dividend is lifted from 2.5p to 2.75p net per share, following last year's total of 6.4p. Turnover rose from £74.14m to £84.0m for the six months. In his last statement the chairman referred to the importance of the engineering contract subsidiary having more success in obtaining acceptable orders for larger jobs. He now reports that some progress has been made in this respect in recent months. UK contracting orders received in the period under review were 15 per cent greater than in the corresponding half year, but overseas new work is "increasingly hard to come by at acceptable margins as competition becomes more severe."

Preedy cuts losses as sales rise

FIRST-HALF results at Alfred Freedy and Sons, wholesale and retail tobacconists, showed continued progress towards the group's objective of improving significantly the level of return on assets employed. The pre-tax loss was substantially lower at £188,000 for the six months to September 29, 1984, compared with losses of £402,000 in the corresponding period last year.

The growth in turnover, up from £45.44m to £48.25m, reflects a sizeable increase in the sales of cigarettes and tobacco goods as a result of enhanced promotional activity in the retail shops, says Mr S. L. Preedy, the chairman.

Mr Preedy says the performance of the Ronson and the Puma and school contracting divisions, where trading conditions remain difficult, was similar to that in the previous year.

Group first-half profits were struck after interest charges down from £200,000 to £205,000. There was an exceptional profit of £58,000 (£158,000). No tax was again payable.

The interim dividend is raised from 0.75p to 1p net—last year's total was 5p.

Due to the inherent seasonality of the group's trading, the outcome for the year as a whole will depend, as ever, on the level of activity during the Christmas and New Year period. On current evidence, Mr Preedy says the board is confident that the improving trend in business will continue.

Bristol Post rises to £1.4m

Bristol Evening Post reports pre-tax profits up from £774,000 to £1.38m for the half year ended September 30 1984.

And, with the back-up of the successful sale of Reuters' shares and the development of New Broadmead, the directors have decided to reduce the disparity between the interim and final dividend by lifting the current half-time payment from 4p to 7.5p net. They stress, however, that the final (12.5p last time) will depend largely on the second half trading.

No profit from the sale of the Reuters' shares or income from the development of New Broadmead are included in the half-year figures. In June 798,315 shares in Reuters were sold and realised a capital profit of £1.13m after capital gains tax, while the anticipated rental income expected for the current six months from New Broadmead should be of the order of £80,000.

In the half-year to September group sales were ahead by almost £2m to £19.89m while the trading profit moved up from £787,000 to £1.38m. Newspaper publishing accounted for £655,000 (£177,000), retail activities £320,000 (£280,000), features agencies £19,000 (£21,000), transport £48,000 (£29,000), and property rental £308,000 (£309,000). Last year the profit from newspapers was reduced by expenditure of some £180,000 on the changeover to tabloid format of the Evening Post and Western Daily Press.

The group, through Bristol United Press, still holds 824,965 shares in Reuters. These have a current market value of £2.4m and are in the account at a book value of nil. Within the last few weeks the New Broadmead development has been completed on "highly satisfactory" terms. All units, except one small shop, are either trading with leases completed or are under offer, and the secured rentals amount to some £500,000 in a full year.

After tax £623,000 (£402,000) and minorities £229,000 (£21,000) the net attributable profit for the period comes to £394,000 (£281,000) for earnings of 13p (£9.9p) per 25p share.

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Caledonian Offshore to raise £5.6m via rights

Caledonian Offshore, the unquoted company involved in oil and gas exploration and production, is to raise approximately £5.6m net of expenses by way of a rights issue.

The proceeds of the issue assuming full subscription, will be applied to the costs of further exploration and appraisal with a view to achieving commercial production of oil and gas.

The basis of the issue is of three new ordinary shares for every four existing £1 shares held, at a subscription price of 200p for each new share.

The directors explain that following the "encouraging results" from recent drilling on block 29/02A by Conoco and on block 44/23 by Texas Gas, further expenditure is required for seismic survey and possible drilling.

They also consider it important that the company should add to its exploration acreage by participating in the ninth licensing round.

Certain larger shareholders who together hold 61.5 per cent of the existing issued ordinary share capital have indicated that they intend to subscribe for their entitlement for the new ordinary. The issue is not therefore being underwritten.

London listing for Engelhard

Engelhard Corp of the U.S. has arranged a listing for its shares in London and Switzerland. London dealings for the group, which is quoted on the New York Stock Exchange, should start tomorrow. The listing has been arranged by Goldman Sachs and James Capel.

Engelhard makes speciality chemicals and metallurgical products around the world, and specialises particularly in the manufacture of catalysts.

The group foresees strong growth in Europe for car exhaust catalysts—a market in which it is strong in the U.S.

At the manufacturing engineer and merchant subsidiaries W. J. Furze & Co and Jett Equipment, the higher level of profit achieved last year is being maintained. The tableware division achieved an "encouraging" advance in profit, rising from £367,000 to £521,000. Strong demand for machine-made glassware for export was the main reason, but the UK market continued to be uncertain.

After tax at £749,000 (£575,000), the surplus on the sale of Senior Secretaries was included as an extraordinary item, and amounted to £1.09m (£29,000). Minority interests added £150,000 (took £11,000) and the dividends will account for £332,000 (£275,000), enabling the company to transfer £1.33m (£81,000) to reserves.

APPOINTMENTS

Marchwiel restructures

MARCHWIEL, holding company for the Sir Alfred McAlpine Group, has developed a new management structure. The reorganisation includes creation of four divisions: construction, minerals, homes and property. Divisional directors have been appointed to head each section.

Mr O. J. Rich, construction, Mr J. W. Roberts, minerals, and Mr T. Scully (next year), minerals, Mr P. J. Davies, homes, and Mr M. F. Sanderson, property. Each division director will report to Mr S. J. McAlpine, who has been appointed chief executive. Mr A. J. McAlpine remains chairman. As well as his construction division responsibilities, Mr O. J. Rich has also been appointed deputy chief executive.

The Duke of Westminster is to become a director of COUTTS AND CO on January 1.

F. PRATT ENGINEERING CORP has appointed Mr J. B. Watts as managing director from January 1. Mr Ian C. Dick will become chairman of special projects, responsible to Mr Watts.

Mr A. Ross Belch and Mr Otto R. Norland have been appointed to the board of DATA-SHIP (UK). Mr Belch is a former chairman and managing director of Scott Lithgow. Mr Norland is a former managing director of Embros Bank.

WADDINGTON'S BUSINESS FORMS, part of the John Waddington Group, has appointed three directors. Mr Tony Mason, a director, takes up a new position of assistant managing director. Mr George Bundy, general sales manager, has been appointed sales director, and Mr Graham Pritchard, marketing manager, is appointed marketing director.

Mr Paul Slater has been appointed a director of HENRY ANSBACHER AND CO.

Mr A. S. R. Jones and Mr G. E. Spencer have been appointed assistants to the directors at GERRARD & NATIONAL.

Sir Peter Macadam has been elected chairman of LIBRA BANK. Sir Peter, who served as chairman of BAT Industries from 1978-82, was a director of National Westminster Bank.

Mr Stuart Goldsmith, investment director of BRITANNIA ARROW HOLDINGS and managing director of The Britannia Group of Investment Companies, has relinquished all executive responsibilities with the group to pursue other opportunities. He remains a non-executive director of Britannia Arrow until December 31. Mr Peter Baker, who joined the board of Britannia Arrow in July 1980, has been appointed investment director. Mr Norman Riddell has been promoted to managing director of The Britannia Group of Investment Companies and of

Sheraton Securities International plc

Interim Results for the Six Months Ended 30 September 1984

	30/9/84	Six Months 30/9/83	Year 31/3/84
Rental Income	£7000	£7000	£7000
Property Sales	358	264	559
Net Property Income	792	1,665	2,150
Interest Payable	444	335	892
Interest Capitalised	(280)	(250)	(446)
	273	71	129
Profit Before Tax	437	156	575
Taxation	(36)	(45)	(55)
Profit After Tax	401	111	520
Earnings per Share	0.5p	0.25p	1.0p

Dividends: At 31 March 1984 the Company had accumulated losses, and, accordingly, was precluded from paying dividends. The unaudited results for the six months to 30 September 1984 are sufficient to extinguish these losses and the Directors anticipate recommending to Shareholders a dividend at the time of the announcement of the full year's results.

The figures for the year to 31 March 1984 are taken from the Accounts filed with the Registrar of Companies and the Auditors Report was unqualified.

77 South Audley Street LONDON W1R 5TA  
10 December 1984

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares.

**ENGELHARD**  
ENGELHARD CORPORATION  
(Incorporated with limited liability under the laws of the State of Delaware, United States of America)

Authorized  
**60,000,000** Common Shares of U.S. \$1.00 par value **27,374,330**  
\*including 500,833 shares held in Treasury

Engelhard Corporation, headquartered in Edison, New Jersey, is principally engaged in the application of proprietary technologies to the development of specialty chemical and metallurgical products. The Company manufactures catalysts used in producing petroleum products, fertilizers, synthetic fibres, plastics, pharmaceuticals, automotive emission control systems, and chemical intermediates for further processing of a variety of products. Engelhard also makes coating and extender pigments for the paper, paint, plastics and adhesives industries.

Numerous other performance products are manufactured by Engelhard for the chemical, petrochemical, electronic, health care, housing, and glass industries. The Company also produces bars and medals of gold, silver and platinum for investment purposes, conducts precious metal dealings and employs refining facilities to recover and recycle precious metals.

In 1983, Engelhard had net sales of U.S.\$2,099,337,000 and net earnings of U.S.\$73,519,000. The Company's operations include 25 manufacturing plants around the world.

The Council of The Stock Exchange has admitted to the Official List all the 27,374,330 Common Shares of Engelhard Corporation, including 500,833 shares held in Treasury.

Particulars relating to Engelhard Corporation are available in the Extraordinary Report and copies of such particulars, together with copies of the latest audited financial statements, may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 27th December, 1984 from:

**Goldman Sachs International Corp.,**  
162 Queen Victoria Street,  
London EC4V 4DB  
11th December, 1984

**James Capel & Co.,**  
Winchester House,  
100 Old Broad Street,  
London EC2N 1BQ

APPLICATION FORM

The application list will open at 10.00 a.m. on Thursday, December 13, 1984 and will close later the same day. This Form must be lodged with Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE. The Stock is not yet available for subscription by U.S. persons as defined in the Newspaper Advertisement dated December 10, 1984 (the "Advertisement").

INTER-AMERICAN DEVELOPMENT BANK  
ISSUE ON A YIELD BASIS OF £100,000,000 LOAN STOCK 2015

Payable as follows: On application £30 per cent. and the balance of the issue price by June 19, 1985.

To: Baring Brothers & Co., Limited  
In accordance with the terms of the Advertisement I/we apply as below. I/We undertake to accept the amount of Stock applied for or any less amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the Advertisement.

FOR OFFICE USE ONLY

1. Acceptance No.  
2. Amount of Stock accepted

Principal Office of the Bank  
808 17th Street, N.W.,  
Washington, D.C. 20077.

Receiving Bank and Registrar  
Baring Brothers & Co., Limited,  
34 Beckett Street, London EC2R 7AN, and  
8 Bishopsgate, London EC2N 4AE.

Solicitors to the Managers  
Slaughter and May,  
35 Basinghall Street,  
London EC2V 5DR.

Brokers  
W. Greenwell & Co.,  
Row Bellis House,  
Broad Street,  
London EC4M 9EL.

Rowe & Pitman,  
1 Finsbury Avenue,  
London EC2M 2PA.

Note: Application must be for a minimum of £200 nominal amount of Stock and thereafter for integral multiples thereof.

I/We enclose a cheque drawn on a branch in the United Kingdom (including Northern Ireland), the Channel Islands or the Isle of Man of which I/we is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses and made payable to "Baring Brothers & Co., Limited" and crossed "IADB Loan" representing payment at the rate of £30 per cent. of the above-mentioned nominal amount of Stock. In consideration of the Inter-American Development Bank (the "Bank") agreeing to allot the Stock on and subject to the terms and conditions of the Advertisement and of the Underwriting Agreement referred to therein, I/we agree that this application shall be irrevocable until December 20, 1984 and that this sentence shall constitute a collateral contract between me/us and the Bank which shall become binding upon the despatch by mail or delivery of this Form only completed to Baring Brothers & Co., Limited. I/we understand that the completion and delivery of this Form accompanied by my/our cheque constitutes a representation that my/our cheque will be honoured on first presentation. I/we hereby engage to pay the balance payable on the Stock by 12 noon on June 19, 1985 on any allotment made to me/us in respect of this application. I/we understand that failure to pay such balance by the due date will render the amount previously paid liable to forfeiture and the amount liable to cancellation and that interest at the rate per annum of 4 per cent. above the Base Rate for the time being of Baring Brothers & Co., Limited may be charged on such balance if accepted after its due date and that the Bank may, without prejudice to any other rights, in default of payment sell the Stock fully paid for its own account.

Baring Brothers & Co., Limited, on behalf of the Bank, reserves the right to reject any application and to accept any application in part only.

I/we hereby represent that I am not/none of us is a U.S. person (as defined in the Advertisement). I/we hereby request that any allotment of Stock to me/us be evidenced by an allotment letter addressed to me/us and be sent by first class post at my/our risk to me/us at the first address shown below. I/we acknowledge that any allotment letter and (if appropriate) any cheque for any application monies returnable to me/us is liable to be held pending clearance of such payment.

Dated: \_\_\_\_\_ 1984.

(1) Usual signature: \_\_\_\_\_  
In the case of a corporation, the Common Seal must be affixed to this Form signed by a duly authorized officer who must state his capacity.

Joint Applicants (if any):  
In the case of joint applicants of most sign, \_\_\_\_\_

(2) Usual signature: \_\_\_\_\_  
Surname: \_\_\_\_\_  
(also state designation: Mr., Mrs., Miss or title)  
Address in full: \_\_\_\_\_

(3) Usual signature: \_\_\_\_\_  
Surname: \_\_\_\_\_  
(also state designation: Mr., Mrs., Miss or title)  
Address in full: \_\_\_\_\_

(4) Usual signature: \_\_\_\_\_  
Surname: \_\_\_\_\_  
(also state designation: Mr., Mrs., Miss or title)  
Address in full: \_\_\_\_\_

ALTERNATIVE METHOD OF PAYMENT  
(This method of payment is available in respect of payments of £100 or more only to recognised banks or stockbrokers as described in the Advertisement.)

We hereby engage to pay Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE, for credit to the account designated "IADB Loan" by 10.00 a.m. on Wednesday, December 19, 1984 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock allotted to the person(s) named above in respect of this application. In consideration of the Bank agreeing to allot the Stock as mentioned above, we agree that this engagement shall be irrevocable until December 20, 1984 and that this sentence shall constitute a collateral contract between us and the Bank as mentioned above.

Name of recognised bank or stockbroker: \_\_\_\_\_  
Address: \_\_\_\_\_

Authorized signature \_\_\_\_\_  
In the case of a corporation, the Common Seal must be affixed to this Form signed by a duly authorized officer who must state his capacity.

Stamp of recognised bank or stockbroker charging brokerage (if any) \_\_\_\_\_

A/L Number \_\_\_\_\_  
Stock allotted \_\_\_\_\_

BIDS AND DEALS

MINING NEWS

Atlanta defence outlines bid plan

Atlanta Investment Trust, which is fighting a takeover bid by the Grovesell Group, has simultaneously announced a substantial reduction in pre-tax revenues and plans to acquire Kingsnorth Trust, the licensed deposit taker.

The announcements came in a defence document to shareholders describing Grovesell's offer as "inadequate and totally opportunistic." It said that during the last 14 months Atlanta had developed the foundations of a financial services business, in addition to its activities as an investment trust, and the Grovesell offer "in no way reflect the potential attributable to Atlanta's shareholders from the development of this business."

The document also contained Atlanta's preliminary results for 1984, set against 1983 figures restated to take account of the company's acquisition last January of Construction Holdings.

Gross revenue was £588,000, against £455,000 in 1983, but group revenue before tax totalled £170,000, against £285,000.

Revenue after tax, minority interests and extraordinary items was £104,000, against £109,000 last year and earnings per share were 0.3p, against 4.9p. The company did not give a figure for net asset value per share.

Mr Tony Cole, Atlanta's managing director, said the figures reflected the start-up costs of the company's financial services activities, which had been largely written off in the first year and were expected to produce a growing contribution to the group, which could no longer be judged solely on a traditional investment trust.

The document also revealed that Atlanta agreed to buy Kingsnorth Trust, which specialises in mortgage lending, for up to £780,000. The deal is conditional on the Bank of England granting it a licence to carry on deposit taking business.

Atlanta said the Grovesell bid would result in a material decrease in the assets per share attributable to Atlanta's ordinary shareholders and a change in the nature of those assets—from a spread of marketable securities to less liquid commercial assets, many of them related to the motor trade.

Grovesell has offered 17 of its shares for two Atlanta shares, the valuing each Atlanta share at 131.75p at yesterday's closing Grovesell price of 151p, down 1p. There is a cash alternative of 127.5p per Atlanta share, compared with yesterday's closing price of 133p, up 2p.

Waddington plays its trump card

BY CHARLES BATCHELOR

John Waddington, the games and packaging group, yesterday forecast a sharp rise in 1984-85 profits and played what it hopes will be a trump card in its six-week battle to fight off British Printing and Communication Corporation's (BPCC) £44.2m takeover bid.

Waddington, the Leeds-based maker of Monopoly and Cluedo, expects pre-tax profits to rise 69 per cent to "not less than £5.7m" in the year ending March 1985. This will lead to an increase of 34 per cent to 57.2p in earnings per share.

The Waddington forecast came just three days before the final closing date of the BPCC cash offer of 500p per share. The forecast failed to move the

520p level it has held since last Thursday's close of trading — apparently because it was very much in line with BPCC's own "best estimate" for Waddington of around £5.5m.

Kleinwort Benson, Waddington's merchant bank adviser, made it clear yesterday that it had no plans to seek a High Court ban on Mr Robert Maxwell, the BPCC chairman, exercising the rights attached to his existing holding of 23.3 per cent of the games maker.

The Waddington camp has queried the true ownership of Mr Maxwell's Liechtenstein-registered Pergamon empire, which owns 61 per cent of BPCC. Kleinwort now believes that resorting to the High Court—

as it did unsuccessfully last week in its defence against Dixon's £348m takeover bid—would be unpopular in the City. The apparent willingness of the Liechtenstein lawyer, who is resident director of Pergamon Holding Foundation, to cooperate with Waddington means action in the UK courts would be unlikely to succeed. There is also no time to take such action before Thursday's final close of the BPCC offer, Kleinwort said.

However, Henry Ansbacher, Mr Maxwell's merchant bank, suggested yesterday that moves by the Liechtenstein lawyer—he has teleaxed Waddington to say he is seeking legal advice—are irrelevant to the outcome. Ansbacher said the reference

in BPCC's latest (1983) annual report to Pergamon Press and associates as being substantial shareholders was adequate.

Kleinwort said that to resort to the courts might be necessary at a later date to deter a third BPCC bid if this one is beaten off.

The current BPCC offer is the company's second in the space of 14 months. Mr Maxwell's first bid was in June 1983, but despite later raising his offer to £18.2m his takeover attempt was narrowly defeated.

Four of five of Waddington's institutional shareholders as well as a number of large private investors have pledged unconditional support for Waddington, Kleinwort claimed.

Exco settles deal with Laurie Milbank

By David Lascelles

Exco International is to take another step towards establishing itself in the new-style gilts market by acquiring the money broking operation of Laurie Milbank, the stockbroking firm.

Under a deal announced yesterday, Exco is to become a limited partner in Laurie Milbank. When Stock Exchange rules permit, it will buy the operation and end its partnership. The timing of the deal depends on Laurie Milbank sealing its agreement to be acquired by Chase Manhattan.

The U.S. bank had said it was not interested in the money broking business. However, Laurie Milbank had already decided to sell the operation for a number of reasons.

Three of Laurie Milbank's 33 partners who run the money broking business will be joining Exco.

The cost of the acquisition is not being disclosed but it is understood to be in the region of £10m. The money is to be paid into a pool which Laurie Milbank is setting up to distribute the proceeds of both the Chase and Exco deals among its partners.

Exco already has a stockbroking interest in WICO Gallopway & Pearson, and it recently bought into a new partnership which intends to be an inter-broker dealer in the gilts market.

Mr John Gunn, the chief executive of Exco, said yesterday that these various interests would operate independently within the group. He did not rule out the possibility that Exco would make further acquisitions or recruit more staff as appropriate to expand the company.

South African gold payouts hit

BY KENNETH MARSTON, MINING EDITOR

THE LATEST December half-yearly dividend declaration from the South African gold mining industries came upon a share market yesterday with ears more attuned to the further weakness in the dollar price of gold which lost a further 75 cents to a 2½-year low of \$338.75 per ounce.

The FT gold mines index dropped 15.2 to 532.3, but this was still above the 504.2 registered on November 2.

Such is the beneficial effect on South African gold mine revenue of the weakness in the country's rand against the strong U.S. dollar — in which gold

sales are priced — that the last time the U.S. price was standing at this level the index was under 200.

The latest dividend announcement from the Barfleur Rand group, is of a slightly lower than expected interim of 90 cents (41p) from Blyvooruitzicht for the year to next June. It follows an interim of 85 cents and a final of 90 cents for 1983/84.

No dividends are being declared for this year by the group's two veteran mines, Durban Deep and East Rand Proprietary Mines.

Brengreen extends Far East coverage

BY RAY MAUGHAN

Brengreen (Holdings), one of the largest groups in the commercial cleaning market, is expanding its Far East coverage with the acquisition for the equivalent of £2.07m of Hutchison-Boag Engineering, a subsidiary of Hutchison Whampoa in Hong Kong.

The deal applies to 80 per cent of Hutchison-Boag Engineering (HBE), and the balance may be acquired by Brengreen after two years for a consideration to be agreed at the time in relation to a set earnings formula.

At the same time, Mr David Evans, the chairman of Brengreen, disclosed that the group's profits for the 28 weeks to October 13 had risen from £1.16m in the comparable period of the previous year to £1.25m

before tax. After tax and minority interests, profits were virtually unchanged at £659,000, but earnings fell from 1.36p per share and the interim dividend is held at 0.7p.

Mr Evans, who has recently become chairman of Luton Town Football Club, said yesterday that "the results at first sight would appear disappointing but the continuing development of the group, both here and overseas, has taken a heavy toll of profits."

Brengreen has already taken two stakes in the Far East cleaning market through a 49 per cent interest in a Malaysian company and the acquisition of a 75 per cent holding in a larger group in Singapore.

The latest deal, which is to be

funded by a vendor placing of 4.94m new Brengreen shares by Capel-Cure Myers, "ensures that Brengreen now has a geographic base in the Far East, where it expects to take advantage of opportunities for general cleaning and refuse handling."

Completion is conditional on the admission of the new shares to the Official List although, in the event of non-completion, Brengreen has delivered an irrevocable standby letter of credit to the vendor for HK\$505,370.

In the UK market, Brengreen has set up a new joint venture to clean Debenhams' 70 department stores and the recently acquired White Cross Equipment subsidiary is to be awarded a £750,000 contract to supply and

install six compactors for the GLC refuse transfer station in Sutton.

Development of the health care market is still much slower than hoped, Mr Evans says, and development costs are not yet offset by revenue. Associated results in the Middle East have "disappointed" although the first three months of the delayed Saudi National Cleaning contract have been "encouraging."

Further development costs will, in Mr Evans' view, "lead to a harvest to be gathered in future years but cannot be expected to materialise in the current year — in other words it is sometimes necessary to take one step back in order to go two forward."

Export restrictions weigh heavily on tin producers

TIN export restrictions imposed by the International Tin Council in its efforts to reduce surplus stocks of the metal continue to weigh heavily on the Malaysian tin producers. Many dredges are closed down but the effects of export control vary from mine to mine.

Among concentrate output figures for November from the producers in the Malaysia Mining Corporation (MMC) group, that of Berjaya is little changed from the October level, but it brings the total for the first seven months of the company's financial year to 1,467 tonnes compared with 1,227 tonnes in the same period of last year.

Ayer Hitam did better last month, but the five-month total still lags at 445 tonnes against 537 tonnes a year ago while that of Tongkah Harbour for the same period comes out at 148 tonnes against 300 tonnes.

MMC itself raised output in November to bring the 10-month total to 4,089 tonnes against 4,829 tonnes. At the 11-month stage Tronoh has produced 360 tonnes against 666 tonnes while Sungai Besi's 8-month total amounts to 338 tonnes against 377 tonnes.

In the Gopeng group, the combined output of Gopeng and Mambang Di-Awan amounts to 256½ tonnes for the past two months.

The latest MMC group output figures are compared in the following table.

	Nov	Oct	Sept
	tonnes	tonnes	tonnes
Aokan	113	145	82
Ayer Hitam	111	67	73
Berjaya	287	285	313
MMC	448	377	352
Sungai Besi	35	38	44
Tongkah Harb	39	30	24
Tronoh	40	44	41

BIDS IN BRIEF

Telfos Holdings reports that Plantation and General Investments, of which Mr K. P. Legg, a director of Telfos, is a major shareholder, now holds 3.51m shares and £232,400 or 12 per cent convertible unsecured loan stock 1991 (55.7 per cent and 28.8 per cent respectively).

Greenstar Leisure has acquired 340,000 shares and now holds 20 per cent of MBE Facilities.

Espley-Tyass Development Group and Michael Paul Investments of Leeds have agreed terms under which Espley's interest in the development known as the Interchange Centre, Gateshead, can be purchased by Michael Paul before the end of this year. As part of the arrangements Espley's Construction Division has ceased to be the contractor. The agreement follows Espley's published intention earlier this year to disengage itself from development activity.

Johnson counters final offer with £7m forecast

Johnson Group Cleaners has responded to the increased and final offer of £40p per share from Nottingham Manufacturing with the forecast of record profits of £7.1m for the year ending June 29 1985.

The projected return would be taxed at a rate of 31 per cent. Much of the increase stems from the U.S. operations, which are forecast to make £300,000 after interest in the first half of 1985 and £850,000 at current exchange rates for the year as a whole.

Mr John Crockett, chairman of Johnson, tells shareholders that "we are currently well advanced in negotiations for the purchase of three businesses trading in South Carolina and Georgia." These would fit geographically with the recent Three G acquisition and are expected to "make a significant additional contribution to profits."

Nimslo's \$2.3m deal to get Mexico outlet

Nimslo International, the troubled 3-D camera manufacturer, is paying \$2.3m (£1.87m) for a Texas-based trading company in which three Nimslo directors, including its new chairman, have interests.

Nimslo, which is quoted on the USM, as well as in the U.S., is acquiring San Antonio-based Marparts & Services Inc, a wholly-owned subsidiary of Seamount Industries, a Bermuda-based holding company.

Marparts' main business is organising the export of goods and services from the U.S. to Mexico.

Mr James Davidson, chairman of Nimslo, and two of the company's other directors, Mr Nicholas Dill and Senator Charles Collis, are also directors of Seamount and trustees of discretionary trusts controlling that company. Because of this, the acquisition has to be ratified by Nimslo shareholders at a special general meeting.

In a circular to shareholders, Nimslo's president, Mr John Grosso, said that the acquisition of Marparts would allow the company's Connecticut-based professional photography subsidiary to get into the Mexican market.

Marparts had pre-tax profits of \$600,000 in 1983 and \$554,000 in the first six months of 1984. The acquisition involves a cash payment of \$1m, made on December 6, and a \$1.25m loan from Seamount to Nimslo. The loan is repayable in four equal semi-annual instalments of \$312,500, commencing next May, together with interest at 12.5 per cent a year.

Mr Davidson, previously deputy chairman, took over as chairman of Nimslo in September from Mr Jerry Nims.

Bath holds big guns in reserve against Beazer

Bath and Portland Group, the minerals, agriculture, property and instrumentation group, yesterday fired the first formal defence shots against the £48m cash and equity bid from C. H. Beazer Holdings, but detailed profits forecasts have been held back to counter any increase in Beazer's terms when the offer reaches its first closing date at the end of this week.

Beazer's shares dropped 6p to 382p yesterday, putting the current bid at a 31p discount to Bath and Portland's closing price of 288p, up 3p.

Although Bath and Portland is

Bath holds big guns in reserve against Beazer

keeping its powder dry, the chairman, Mr David Macdonald, tells his shareholders that the estimates for the year ended October 31 will, when finalised, "show that we will have exceeded our best expectations," and will support "a substantially increased final dividend" for that year.

"Bath and Portland," the chairman adds, "has a clear strategy and sense of direction and a determination to generate substantial growth in the future. We are in a strong financial position from which to achieve this goal."

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Year to 30th September

	1984	1983
Turnover	£8.85m	£7.20m
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Earnings per share	11.0p	7.9p
Dividend per share	5.0p	3.5p

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11th December, 1984

SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Tuesday December 11 1984

Prudential America to raise \$1bn in three tranches, Page 44

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WALL STREET

Reluctance to rally encountered

WALL STREET staged a successful technical rally yesterday afternoon with the help of a recovery in the blue chips which have been unsettling the market for the past week, writes Terry Byland in New York.

Union Carbide closed above the day's low after the directors held a press conference on the implications of the tragedy at the Bhopal plant. IBM turned higher after falling sharply in the first half of the session. An upturn in bonds, which ended with gains of nearly half a point, also helped the blue chips. Across the broader range of the market, however, stock prices showed little change from Friday's closing levels.

The Dow industrial average ended with a net gain of 9.05 points at 1172.26, on moderate turnover of 81.8m shares. It fell nearly five points initially - distorted to some extent by renewed selling of both IBM and Union Carbide - but rose a net 13 points when the market turned higher behind the blue chips.

The bond market moved erratically after Friday's disclosure of an unexpectedly sharp fall in unemployment in November, which challenged the consensus

view that the U.S. economy is slowing down sharply. Early falls at the longer end were checked after Mr Charles Pardee, a governor of the Federal Reserve Board, warned against assumptions that the Fed's policies "assure" an upturn in the economy.

A strong dollar and surging imports are hurting U.S. manufacturing industry, said Mr Pardee, who is regarded as a close colleague of Mr Paul Volcker, the Fed chairman.

The uncertainty over the economic outlook, and for Fed credit policies, might be tested this week by the latest data on retail sales and consumer credit, as well as by details of money supply trends.

Commodore International, pioneer of the international market for home computers, shed 3 1/4% to \$18 1/4 after reports that at least one major Wall Street broker had removed the stock from its "buy" list and was cutting estimates for fiscal 1985 earnings.

Apple Computer fell 5/4 to \$26 1/4 as investors backed cautiously away from this sector of the market.

Semiconductor manufacturers weakened in the wake of Texas Instruments, which fell a further 5/4 to \$11 1/4 after Friday's disclosure of plans to lay off 2,000 workers.

Among the bid issues the decision by Mr T. Boone Pickens to delay his \$60 a share tender for Phillips Petroleum sent it down 5/4 to \$52 1/4. Speculation in ITT died away as the market awaited the next move from Mr Irwin Jacobs, and the stock dipped \$1 to \$81.

Other active issues included Phibro-Salomon, the investment and brokerage

house, down 5/4 to \$29 1/4, with major blocks of stock traded. The ADRs of British Telecom, at \$11 1/4 with a gain of 5/4, were back to their best levels.

A fall in the federal funds rate to 8 1/4 per cent took a shade off short-term rates, putting six-month Treasury bills at 8.58 per cent, a dip of two basis points. The bond market managed gains of less than a quarter of a point by early afternoon with both corporate and municipal bonds following the sluggish lead of the federal issues.

LONDON

Telecom retains lead role

EQUITY MARKETS in London started the last trading account before Christmas in the spirit traditionally associated with the festive season. Leading industrials immediately resumed Friday's strong tone. Led by British Telecom the FT Ordinary share index rose 7.3 more to a record 930.3.

A combination of domestic institutional buying and overseas demand swept BT higher to the best yet of 97 1/4p amid strong evidence of stock shortages, before a close of 95 1/4p, up 3p. American and Middle East investors were active buyers.

Other blue chips and many secondary issues benefited from the committal of returning BT cash. Stores maintained their current prominence following announcement of last month's record retail sales, while sterling dollar influences ensured U.S. favourites of a continued following.

Government securities were the only dull area. Listless conditions again prevailed awaiting December money supply figures due today. The close showed narrow changes either way.

Chief price changes, Page 32; Details, Page 37; Share information service, Pages 38-39

AUSTRALIA

MINING ISSUES came under light selling pressure in Sydney amid the downward trends in world metal and oil prices, and weakness extended to all sectors in light dealings.

CRA shed 6 cents to A\$4.90, Santos 10 cents to A\$5.70 and Poseidon the same amount to A\$3.05.

Banks managed a mixed outcome, with ANZ off 4 cents at A\$5.02 but Westpac 2 cents better at A\$3.84. Property group Hooker dipped 5 cents to A\$1.75, correcting some of its recent gains amid takeover speculation. Herald and Weekly Times added 5 cents to A\$3.35 and APM at A\$2.10 lost 6 cents.

HONG KONG

EARLY GAINS were quick to be surrendered as profit-takers moved in to Hong Kong amid the sentiment that the rally of recent weeks might have been overdone. The Hang Seng index fell 7.11 to 1,115.01, but the level of activity remained no more than moderate.

The property sector, which had led the upturn, showed setbacks of 10 cents for Cheung Kong at HK\$6.75 and 3 cents in HK Land at HK\$3.57. Hutchison Whampoa, which plans to release details of a sizeable property development, strengthened 10 cents to HK\$18.20.

SINGAPORE

BARGAIN-HUNTING alternated with profit-taking in cautious Singapore dealings, providing gains mainly to blue chips while declines held the majority across the broader market.

Leading the actives list were Singapore Paper, unchanged at S\$1.06, Sime Darby, 2 cents ahead at S\$1.91, and General Lumber, which jumped 16 cents to S\$2.07. Plantation issue generally returned to favour, with Consolidated Plantations 3 cents better at S\$2.71 and Sime Darby's rise identified by one analyst as prompted by its interests in the sector.

Banks were weighed down by the Chop Hoo Thye collapse. DBS and OCEB each fell 5 cents to a respective S\$6.10 and S\$9.10.

SOUTH AFRICA

THE BULLION retreat weighed on Johannesburg golds as selling spread from the speculative to the quality producers. Political considerations in the wake of a shift in U.S. attitudes also made themselves felt.

Randfontein shed R7 to R196.50 and Vaal Reefs R3.50 to R172.50. Of the mining houses Anglo American lost 35 cents at R23.65 and Gold Fields of SA 50 cents to R28.

Industrials were neglected, but Nedbank fell 30 cents to R12.70.

CANADA

GOLDS dominated Toronto weakness, while transport issues were also among those showing marked setbacks. The oil and gas sector generally retained its composure.

British Telecom remained active, gaining an early C\$4 to C\$15 1/4. Industrials in Montreal held up better than the banking side.

TOKYO

High prices dampen enthusiasm

MOUNTING worries about higher prices in Tokyo yesterday dampened investor enthusiasm and triggered a substantial retreat. Leading pharmaceuticals and financial issues took the brunt of the pressure, writes Shigeo Nishitaki of Jiji Press.

The Nikkei-Dow market average shed 150.06 to 11,316.87, an extension of Friday's setback, in thin trading of 234m shares, compared with 472m. Declines outpaced advances 434 to 305, with 142 issues unchanged.

The index gained 414.48 in a one-week rally that ended last Tuesday, drawing speculative purchases in anticipation of continued gains towards the year-end. This frantic pace caused some concern among investors, and the bearish mood intensified with the fall in the Dow Jones industrial average to below 1,170 on Friday.

Yesterday's plunge was mainly due to small-lot selling, however.

Pharmaceuticals, which had remained firm reflecting the strong popularity of biotechnology-related issues, dropped sharply.

Mochida Pharmaceutical continued to slide, with its asked price suffering a maximum allowable daily loss of Y500 to Y9,370 for the seventh consecutive session. Dainippon Pharmaceutical and Kakuh Pharmaceutical registered limit declines of Y500 to Y4,480 and Y2,700 respectively. Yamanouchi Pharmaceutical fell Y170 to Y1,730 and Tanaha Seiyaku Y60 to Y1,070.

City banks, Japan's big commercial banks, were also on the downturn. The banks were added to the list of issues eligible for margin transactions yesterday. Fuji Bank fell Y100 to Y1,240, Sumitomo Bank Y90 to Y1,630 and Sanwa Bank Y40 to Y1,190.

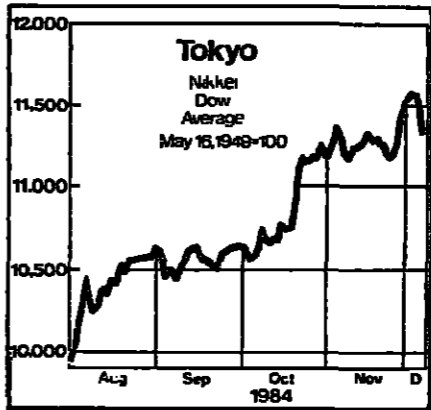
Incentive-backed issues weakened broadly on profit-taking. Asahi Chemical dipped Y8 to Y815, Central Glass Y25 to Y415 and Nisshin Oil Mills Y22 to Y595.

Blue chips remained out of favour. Foreign sell orders with the four biggest securities companies amounted to 19m shares in early trading against buy orders for 13.5m.

Pacific Metals was the most active stock with 10.88m shares traded, rising Y27 to Y842. Iino Kainu, also heavily traded, climbed Y39 to Y459.

Mirroring the weakness on Wall Street ahead of the weekend, the bond market eased in extremely thin trading. Main institutional investors sat on the sidelines.

Some securities companies sold their holdings in low-priced small lots to city and trust banks. The yield on the barometer 7.3 per cent government bond due in December 1993 rose to 8.595 per cent from 8.585 per cent.



EUROPE

The Swiss demand is sustained

SEASONAL DEMAND from domestic institutions and foreign buyers yesterday extended the progress Swiss bourses achieved last week while most other European centres, conscious of Wall Street's decline on Friday, opened the week with a subdued performance.

Lively trading in Zurich became more selective than the previous four sessions, however, and traces of profit-taking became apparent.

The Swiss Bank Corporation general index hit a new peak of 406.8, a rise of 0.7 points, while new highs were scored by both the foods and banking sectors.

An actively traded Nestlé lost SwFr 5 of its registered share price to SwFr 3,265 while the bearer form firmed SwFr 10 to SwFr 5,405. Jacobs Suchard registered rose SwFr 20 to SwFr 1,400 after its favourable profits forecast for the year, although its bearer shares managed a SwFr 25 advance to SwFr 6,225.

Union Bank improved SwFr 10 to SwFr 3,600 while Swiss Bank was unchanged at SwFr 364.

Among the most active, Adia gained SwFr 25 to SwFr 2,110. Oerlikon-Bührle firmed SwFr 5 to SwFr 1,335 and Brown Boveri picked up SwFr 5 to SwFr 1,400 in late trading although Fargesa fell SwFr 10 to SwFr 1,230.

The insurance sector was the only weak spot in the session although Swiss Re gained SwFr 150 to SwFr 8,150 and Winterthur hit a high for the year with a SwFr 15 advance to SwFr 3,355 ahead of its plan to buy the Madrid headquarters of the troubled Spanish chemical group ERT.

Bonds were barely changed. Corporate news featured among an otherwise dull Frankfurt, with the Commerzbank index falling 5.5 to 1,087.

Amid Allianz's long-awaited restructuring and rights issue plans, the insurer rose DM 5 to DM 1,040, while a 10 per cent fall in partial operating profit prompted Bayerische Vereinsbank to lead a broadly weaker sector downwards, with a DM 4 loss to DM 326.

Elsewhere, the initial response to Veba's DM 18.8bn five-year investment programme was a 30 pf decline to DM 168.90.

Unease over the Christmas sales performance of the stores sector saw a distinct lack of goodwill, and Karstadt lost DM 4.50 to DM 246 while Herten retreated DM 3 to DM 180.

Siemens was the most vulnerable in electrical as it turned DM 3.50 down to DM 450.50 while Porsche's DM 16 reversal to DM 975 was uncommonly severe among leading car makers.

The mixed finish in U.S. credit markets on Friday and the closing of year-end accounts brought bonds as much as 60 basis points lower in relatively quiet trading. The Bundesbank was almost the only buyer, with purchases of DM 69.5m against Friday's DM 57.2m.

Continued on Page 33

KEY MARKET MONITORS

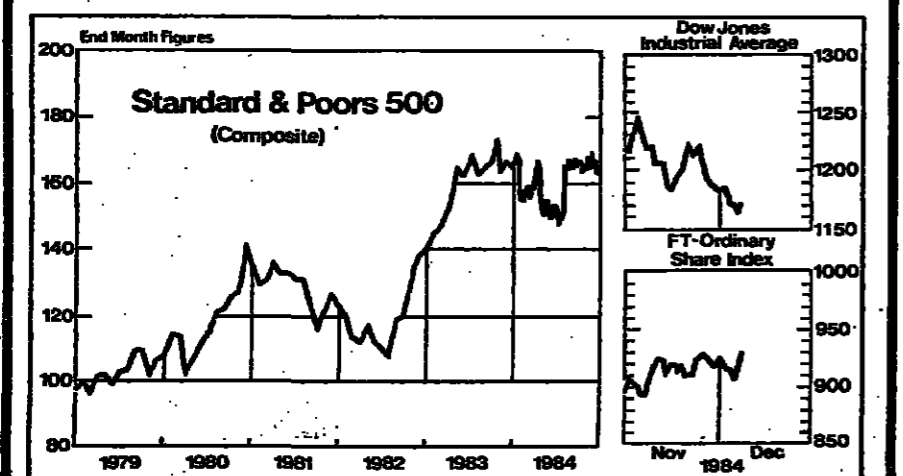


Table with columns for Stock Market Indices (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World) and Commodities (Silver, Copper, Coffee, Oil). Includes sub-sections for Currencies (U.S. Dollar, Sterling) and Interest Rates (Euro-currencies, FT London interbank fixing).

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock prices with columns for stock name, price, and volume. Includes sections for various market sectors and company names.

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Continued on Page 31

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, organized into columns by stock symbol and price range. Includes various stock listings with their respective closing prices and volume.

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, organized into columns by stock symbol and price range. Includes various stock listings with their respective closing prices and volume.

Continued on Page 32

Notes and disclaimers regarding the data provided in the tables, including information about data sources and potential errors.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Hong Kong, Singapore, South Africa, Canada, and the USA. Columns include country, date, price, and change.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock prices with columns for stock name, price, and change.

LONDON

Table of London stock market prices, including chief price changes and various stock listings.

NOTES - Prices on this page are as quoted on the individual exchanges and are last traded prices.

CANADA

Table of Canadian stock market closing prices for Toronto, Montreal, and Vancouver.

NEW YORK STOCK EXCHANGE CLOSING PRICES

Table of New York Stock Exchange closing prices for various sectors and individual stocks.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American Stock Exchange closing prices for various sectors and individual stocks.

Advertisement for 'What's special about these Danish companies?' featuring a list of Danish companies and their products.



# WORLD STOCK MARKETS

## EUROPE

Continued from Page 29

Amsterdam turned weaker in the wake of Friday's New York close, and conflicting forecasts over U.S. economic prospects pushed investors to the sidelines. The ANP-CBS general index slipped 0.5 to 178.1. Although volume was near the lowest level of the year.

Internationals saw Unilever slip Ft 1.20 to Ft 302.8 and Royal Dutch 40 cents to Ft 172.3. Westland Utrecht mortgage bank led the financial sector down with a Ft 5 fall to Ft 117 as ABN closed Ft 2 cheaper at Ft 340.50. AmRo moved against the trend with a 20-cent advance to Ft 63.20.

Others to fare well were Boskalis, up 50 cents to Ft 16, and Rorenzo, 10 cents firmer at Ft 43.10.

Bonds were largely inanimate although the key 7% per cent state issue eased 10 basis points to 99.7 per cent.

Electricals were the weakest spot in Paris, with Radiotechnique falling Ffr 18.50 to Ffr 219.50.

Selective buying in foods trimmed Moët-Hennessy Ffr 17 back to Ffr 1,820 although Pernod gained Ffr 5 to Ffr 745.

Elf held steady at Ffr 225 ahead of its plan to increase from 25 per cent to 33.3 per cent its holding in the troubled oil services group Technip.

Lafarge Coppée shed Ffr 1.70 to Ffr 304.30 prior to details of its sortie into the high-technology sector of U.S. agriculture.

Brussels edged lower in moderate volume, with the stock exchange index 0.18 off at 159.32.

Petrofina suffered a Bfr 20 decline to Bfr 7,100 while the chemical sector, like some of its European counterparts, moved cautiously lower in the wake of the Union Carbide disaster in India. Solvay fell Bfr 35 to Bfr 4,200.

ACEC finished Bfr 48 cheaper at Bfr 614 after disclosures of layoffs as part of a corporate rationalisation programme.

Losses in utilities were posted by Intercom, Bfr 5 down to Bfr 2,190, al-

though Electrobel firmed Bfr 10 to Bfr 8,610.

Hopes of early end-of-year gains spurred Stockholm higher. Electrolux, the most active, rose SKr 1 to SKr 244 while Ericsson lost the same amount to SKr 260 amid plans for a joint venture to develop Malaysia's telephone system.

Forest group MoDo advanced SKr 6 to SKr 268, while Pharmacia, also actively traded, gained SKr 2 to SKr 192.

A bullish industrial sector in Milan featured throughout the day although early strength in some areas subsided late in the session. Montedison rose L8 to L1,288 while Fiat closed L7 stronger at L1,919. Olivetti, however, shed L10 to L5,950 on reports that its U.S. share listing might be postponed.

Mediobanca dropped L400 to L61,830 on uncertainty over its privatisation plans.

Utilities were to the fore in a higher Madrid, with banks the only weak sector.

## Indices

### NEW YORK

Index	1984					High	Low	Change	Year Ago
	Dec 10	Dec 7	Dec 6	Dec 5	Dec 4				
Industrial	1,172.28	1,163.21	1,178.48	1,171.80	1,185.07	1,238.54	1,089.57	227.70	41.22
Transport	225.58	222.70	222.25	220.25	226.78	223.55	212.83	61.83	12.32
Utilities	194.54	194.85	195.18	194.00	194.00	196.29	122.25	163.72	18.5
Trading vol.						85.76%	81.25%	95.30%	
Ind. Div. Yield %						4.92	4.79	4.91	4.45

### STANDARD AND POORS

Index	1984					High	Low	Change	Year Ago
	Dec 10	Dec 7	Dec 6	Dec 5	Dec 4				
Industrial	162.85	161.48	161.89	161.28	162.81	162.13	151.48	104.84	3.82
Composite	162.83	161.48	161.89	161.28	162.81	162.13	151.48	104.84	3.82
Ind. Div. Yield %						4.12	4.07	3.95	3.72
Ind. P/E Ratio						18.60	18.59	18.88	14.43
Long Gov. Bond Yield						11.37	11.71	11.57	11.49

### TORONTO

Index	1984					High	Low	Change	Year Ago
	Dec 10	Dec 7	Dec 6	Dec 5	Dec 4				
Metals & Min. Composite	1,288.53	1,283.12	1,283.12	1,283.12	1,283.12	2,524.4	1,217.1	667.4	56.7
MONTREAL Portfolio	118.55	118.81	118.77	118.73	118.73	128.83	110.36	18.47	0.7

### New York Active Stocks

Index	Dec 10	Dec 7	Dec 6	Dec 5	Dec 4	Change	Year Ago
Union Carb.	4,053,500	35%	1%	ATT	810,000	18%	- 1/4
IBM	2,820,000	13%	1%	Pharm-Sol	872,000	28%	- 1/4
IBM	1,390,000	117%	1%	Genl Tel	236,000	21%	unch
ITT Corp	857,100	31%	1%	Comcast	751,100	18%	- 1/4
Phil Post	953,300	53	1%	Exxon	621,000	64%	+ 3/4

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or purchase, any securities.

## U.S. \$100,000,000

### American Brands, Inc.

11% NOTES DUE 1987  
WITH 100,000 WARRANTS TO PURCHASE  
11 1/4% NOTES DUE 1989

The following have agreed to subscribe or procure subscribers for the Notes and the Warrants:

#### MORGAN STANLEY INTERNATIONAL

- ALGEMENE BANK NEDERLAND N.V.
- BANQUE PARIBAS CAPITAL MARKETS
- COUNTY BANK LIMITED
- DEUTSCHE BANK AKTIENGESELLSCHAFT
- GOLDMAN SACHS INTERNATIONAL CORP.
- NOMURA INTERNATIONAL LIMITED
- SANWA INTERNATIONAL LIMITED
- SWISS BANK CORPORATION INTERNATIONAL Limited
- BANQUE BRUXELLES LAMBERT S.A.
- BARCLAYS BANK GROUP
- DAI-ICHI KANGYO INTERNATIONAL LIMITED
- DG BANK Deutsche Genossenschaftsbank
- MERRILL LYNCH CAPITAL MARKETS
- SALOMON BROTHERS INTERNATIONAL LIMITED
- SUMITOMO FINANCE INTERNATIONAL
- UNION BANK OF SWITZERLAND (SECURITIES) Limited
- YAMAICHI INTERNATIONAL (EUROPE) LIMITED

The 11% Notes, in denominations of U.S. \$1,000 and U.S. \$10,000 (and in the case of Registered Notes in denominations of multiples of U.S. \$1,000), with an issue price of 100 per cent., the Warrants and the 11 1/4% Notes with an issue price of 100 per cent., have been admitted to the Official List of the Council of The Stock Exchange, subject only to the issue of the Global Notes and the Global Warrant. Interest on the 11% Notes and the 11 1/4% Notes is payable annually in arrears on December 15, commencing on December 15, 1985.

Particulars of the Notes and the Warrants and of American Brands, Inc. are available in Extel Statistical Services Limited and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including December 27, 1984 from the brokers to the issue:

Rotre & Pitman,  
1, Finsbury Avenue,  
London EC2A 1JA.

December 11, 1984



## JAPAN ASSETS TRUST PUBLIC LIMITED COMPANY ("JAT")

### RECOMMENDED OFFER

FOR

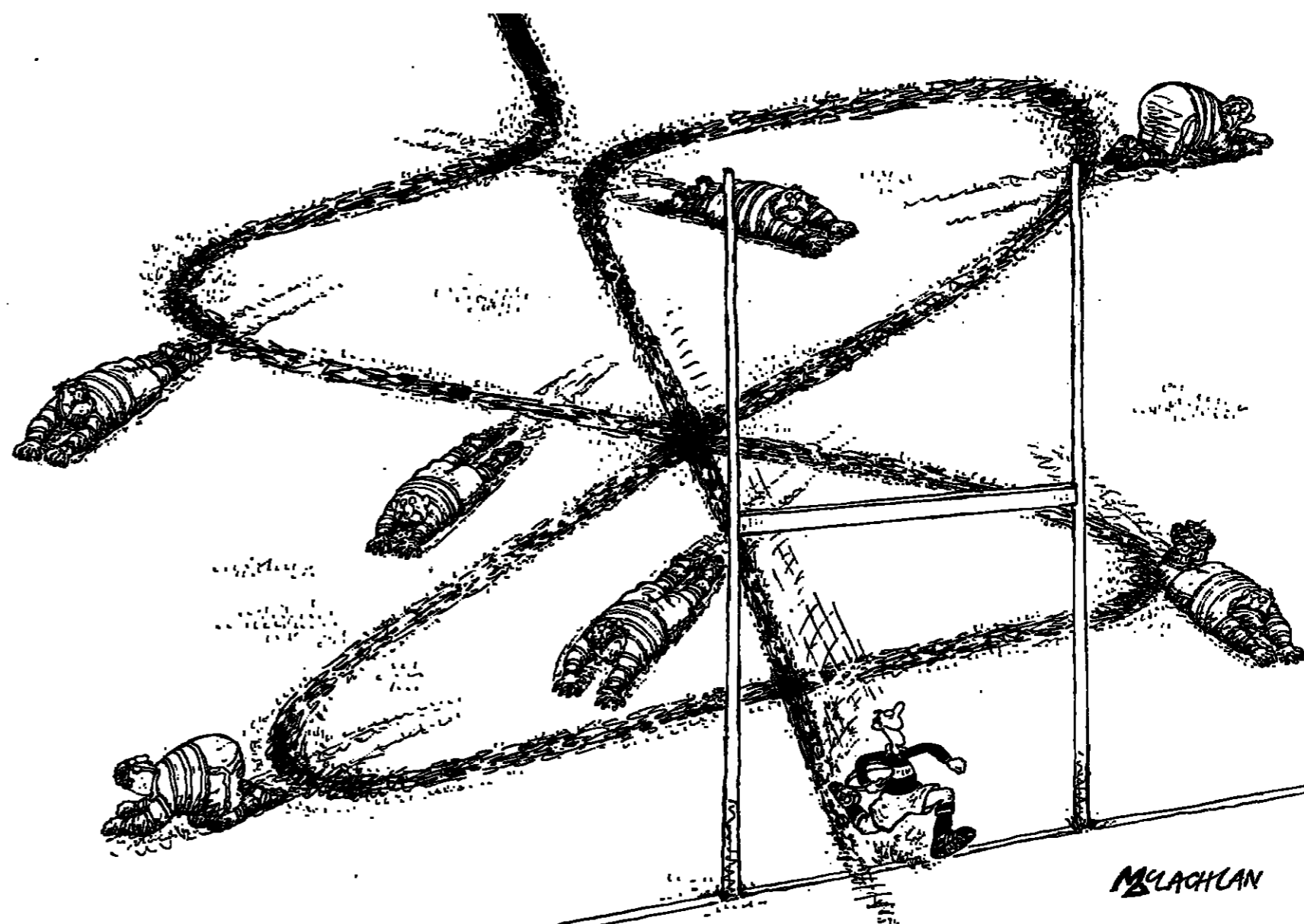
## ANGLO SCOTTISH INVESTMENT TRUST P.L.C. ("ANGLO SCOTTISH")

SHAREHOLDERS OF ANGLO SCOTTISH ARE REMINDED THAT THE FIRST CLOSING DATE OF THE OFFER BY JAT IS 3.30 P.M. ON FRIDAY 14TH DECEMBER, 1984.

THE RIGHTS OF ELECTION UNDER THE OFFER ARE ONLY AVAILABLE UNTIL THAT DATE AND THE CASH ALTERNATIVE OFFER BY COUNTY BANK LIMITED MAY NOT BE AVAILABLE THEREAFTER.

FORMS OF ACCEPTANCE SHOULD BE COMPLETED, SIGNED AND RETURNED BY 3.30 P.M. ON FRIDAY 14TH DECEMBER.

This advertisement has been placed by County Bank Limited on behalf of JAT.



McLACHLAN

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Don't let our name mislead you. While we're closely involved with many leading companies trading between Britain and Scandinavia, we are a U.K. bank.

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In fact, we're a major source of finance and investment funds for British companies in the U.K. and internationally.



We believe in working alongside our customers to create innovative financial packages to meet their particular needs.

Scandinavian Bank is one of Britain's top twenty banks with assets well in excess of £2 1/2 billion and offices in fifteen financial centres worldwide



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Scandinavian Bank Limited, 2-6 Cannon Street, London EC4M 6XX. Tel: 01-236 6090. Customer Services Manager. Extension 346. Telex: 889093. International Offices: Bahrain, Bermuda, Geneva, Hong Kong, Los Angeles, Madrid, Melbourne, Milan, Monaco, New York, Sao Paulo, Singapore, Sydney, Tokyo, Zurich.

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Henry Ansbacher	9 1/2%	Johnson Matthey Bkrs.	9 1/2%
Armo Trust Ltd.	10 1/2%	Knowles & Co. Ltd.	10 1/2%
Associates Cap. Corp.	10 1/2%	Lloyds Bank	9 1/2%
Banco de Bilbao	9 1/2%	Mallinhal Limited	10 %
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BCCI	9 1/2%	Methraj and Sons Ltd.	9 1/2%
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WORLD STOCK MARKETS

OVER-THE-COUNTER

Table listing various over-the-counter stocks with columns for Stock, Sales (Mkds), High, Low, Last, and Chng.

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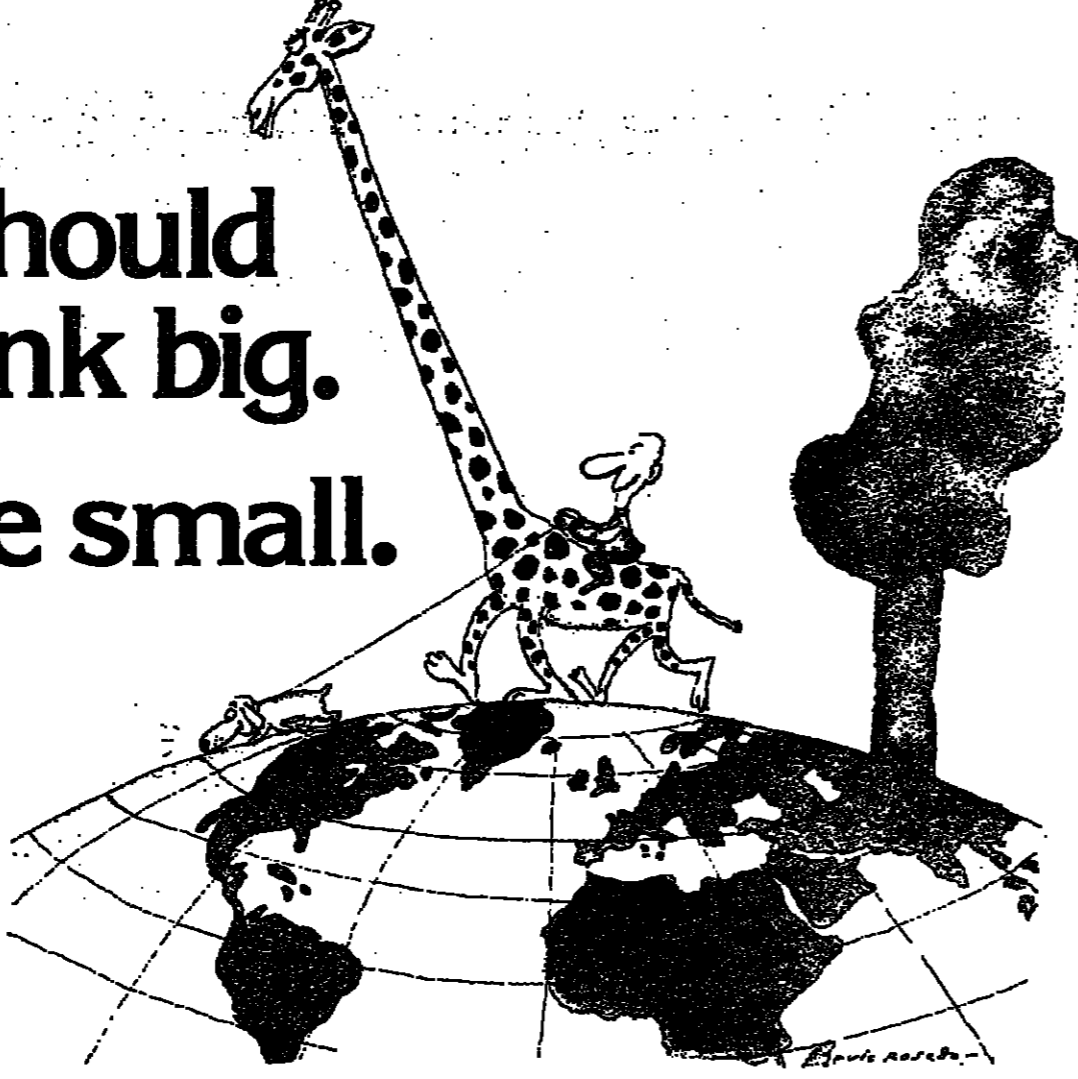
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BFCE

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Head Office: 21 bd Haussmann, 75009 Paris, Tel: (1) 2-47-47. Branches: 25 locations in France and New York, Houston, San Francisco, Milan, Singapore...

Whitecroft Record interim profit of £3.8m

Table showing financial data for 1984 and 1983: Turnover (51.3m vs 43.7m), Pre-tax profit (3.8m vs 2.7m), Dividend (2.3p vs 2p).

Whitecroft made an excellent start to the year with profit before taxation the highest ever achieved for a six month period. The trading results include a profit of £1 million from property development...

An interim dividend of 2.30p per ordinary share, 15% higher than last year, will be paid. With the continuing development of the group, we expect a significant improvement in profit for the year as a whole.

Mr. John Tavaré - chairman

Whitecroft plc

Textiles, building supplies, lighting, property development

A copy of the interim report may be obtained from: The Secretary, Whitecroft plc, Water Lane, Wilmslow, Cheshire SK9 5BX Telephone: 0625 524677

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# ITT XTRA, THE PROFESSIONAL COMMUNICATOR WITH ALL THE RIGHT CONNECTIONS.



Buy an industry-standard personal computer from a world leader in communications and you make all the right connections.

The ITT XTRA is a professional communicator designed to meet your every computing and communications need.

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### THE WORLD AT YOUR KEYBOARD

You become more productive, quicker, with the ITT XTRA.

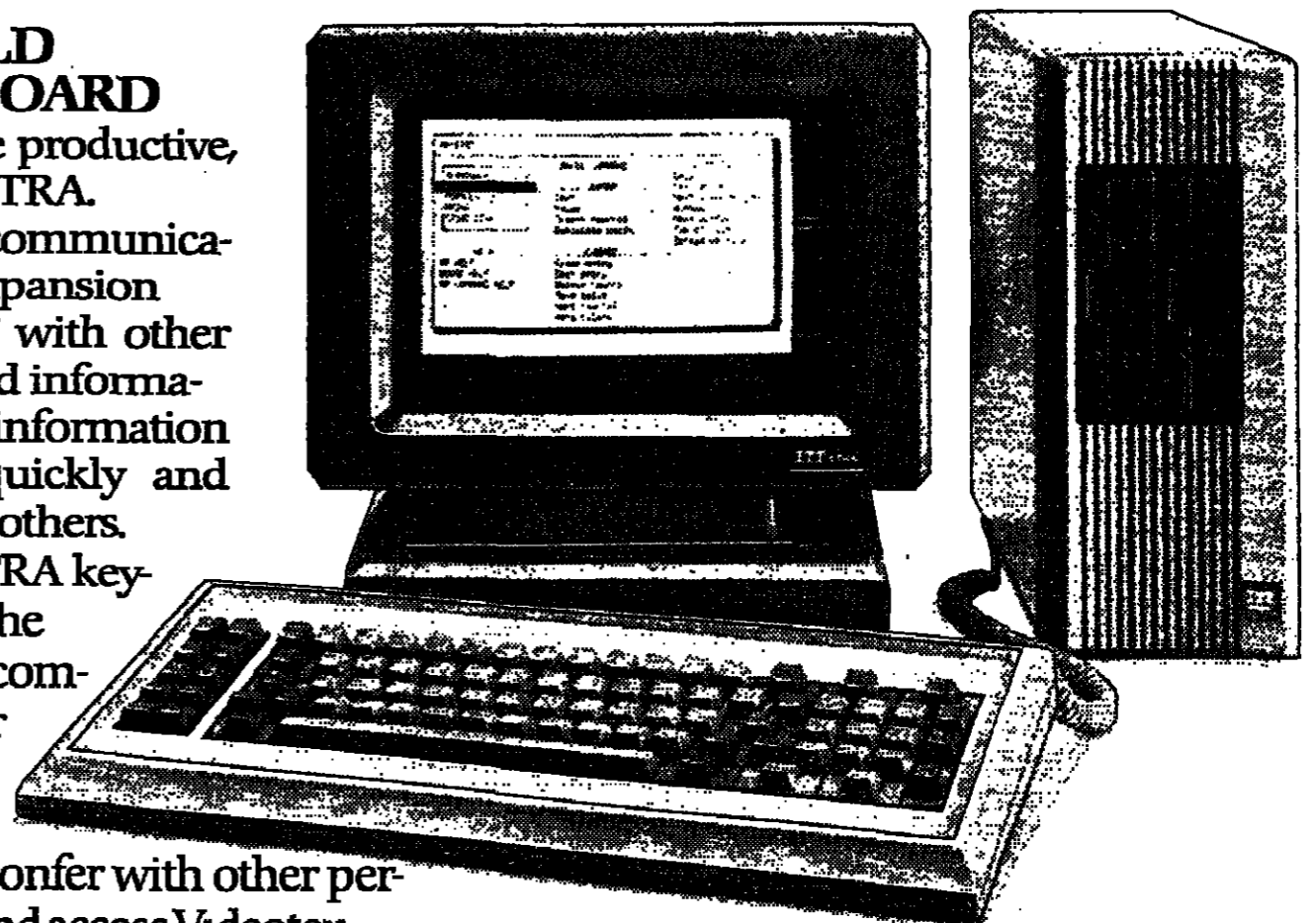
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PERSONAL COMPUTER

THINK COMMUNICATIONS, THINK ITT XTRA.

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Our client seeks to acquire manufacturing and sales operation in the U.K. supplying products to the heating, ventilating and air conditioning markets.

The entity should be profitable and preferably with a good record of electronic based product development, and a turnover of not less than £1.5m. Preferably, existing management will be retained.

Please reply in confidence to:  
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Peat Marwick Acquisition Services  
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Blackfriars  
London EC4V 3PD  
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Telex: 8811541



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- Modern purpose-built factory and offices on 1 1/2 acre site at Chichester, adjacent to A27 trunk road
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- Current turnover approx £2m per annum
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Telephone: 01-497 8989 Telex: 884667

Price Waterhouse

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Freehold retail shop in West-houghton. Rental properties comprising retail shop, office, stores and service depot in Tyldesley. The sale includes rental agreements, service vehicles, stocks and spares.

For further details contact the Receiver:  
D. A. WILD  
Blindley Hamlyn  
Scottish Provident House  
52 Brown St, Manchester M2 2AU  
Tel: 061-831 7121

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with four offices  
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Financial Times  
10 Cannon Street, EC4P 4BY

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Based in London and the Home Counties are for disposal together with substantial tax losses, by the international group holding company. Principals only should enquire to:

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FOR SALE AS A UNIT

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Turnover for year ended 31st December 1983 IR£823,000.

Further information may be obtained from the Receiver and Manager:  
Hugh M. Cooney, FCCA  
COONEY BANNON CORRIGAN  
Chartered Accountants  
18 Merrion Square, Dublin  
Tel: (01) 767261 - Telex: 90417

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Yorks. Notts. Linc.

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Full details from Box G10313, Financial Times  
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- Valuable freehold site 1.3 acres including showrooms and offices
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Telephone: 021-236 9011 Telex: 339689

Price Waterhouse

### FOR SALE THE ASSETS OF

### A. G. MEDDINGS & CO. LTD.

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Blindley Hamlyn, 8 St. Bride Street, London EC4A 4DA.  
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VALUE: £285,000  
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Write Box G10330, Financial Times  
10 Cannon Street, EC4P 4BY

### LARGE ENGINEERING GROUP

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10 Cannon St, London EC4P 4BY

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### TRANSFORMER/HAZARDOUS WASTE FLUET

required. With or without property. Confidentiality assured. M. Harrison. Tel: Barkington (071139) 2909.

## FT COMMERCIAL LAW REPORTS

### One signature binds bank to undertaking

EBEED AND ANOTHER v SOPLEX WHOLESAL SUPPLIES LTD AND OTHERS  
Court of Appeal (Lord Justice Lawton, Lord Justice Kerr and Lord Justice Browne-Wilkinson); December 5 1984

WHERE A trading bank grants its documentary credits manager general authority to handle a particular client's affairs, but no authority to sign alone on his behalf, it is bound by his sole signature on an undertaking if the totality of its conduct led the client to understand that he had authority to sign alone.

The Court of Appeal so held when dismissing an appeal by a London trading bank, Refson & Co Ltd, from Mr Justice Leggatt's decision that it was liable on an undertaking to repay \$875,000 to Egyptian import/export traders, Mr ES Ebeed and Mrs AA Khalifa trading as Egyptian International Foreign Trade Co ("International"). Refson was second defendant in an action brought by International against Soplex Supplies Ltd, Soplex took no part in the proceedings.

LORD JUSTICE BROWNE-WILKINSON said that in March 1979 a contract was made for the sale by Soplex to International of 10,000 tonnes of Romanian cement at \$37.25 per tonne, to be delivered to Port Said or Alexandria.

Payment was to be by letter of credit opened by the Suez Canal Bank and shipment was to be at latest by May 15. Soplex represented to International that the cement was being unloaded at Constantza at the beginning of May.

Refson acted as banker for Soplex in the transaction. On May 31 it received documents to Lloyd's Bank which was acting for the Suez Canal Bank. Lloyd's paid Refson \$571,475 against those documents under a letter of credit. It subsequently emerged that the representation that the ship was loading, and the documents, were untrue and fraudulent.

International was expecting the cement on or about May 14. It did not arrive. International became increasingly suspicious. On July 23 Soplex gave it a written guarantee that if the cement did not arrive by July 23, all the money would be refunded. International decided that was not sufficient and asked for a bank guarantee. On July 26 an undertaking was executed on Refson's headed paper. It guaranteed payment of \$875,000 in the event of the ship not arriving by August 8, or the cement not being in accordance with quality and being unacceptable to the Egyptian authorities.

The document carried only one signature, that of Mr Booth, who was an officer, but not a director of Refson. Beneath his signature was Refson's stamp.

Under Refson's internal arrangements, Mr Booth did not have actual authority to bind Refson to the undertaking on his Sole Signature. He concealed the giving of the undertaking from his superior, and when it came to light he was summarily dismissed.

The ship did not arrive in the port of Alexandria until September 1. The cargo was cured and certified. It did not conform to the contract quality required and was rejected by the Egyptian Cement Office. International thereupon called on Refson to handle the undertaking on the ground that the cargo failed to comply with the contractual requirements as to quality. Refson refused to pay.

The present action was started by International against Soplex and Refson. Soplex went into liquidation.

Mr Justice Leggatt held that the undertaking of July 26 was signed by Mr Booth's apparent authority and was therefore binding on Refson.

The person in charge of the particular transaction at International was Mr Sharobeem. The judge found that when he went to Refson's offices to collect the undertaking on July 26 it did not occur to him to speak to anyone other than Mr Booth, who was Refson's credit manager. He believed Mr Booth had full authority to handle the matter.

When Mr Booth signed the document, Mr Sharobeem asked him whether he would sign alone. Mr Booth said he would. Mr Sharobeem did not question his authority but asked him to place the bank's stamp beneath his signature. That was done. Mr Booth said he usually must sign in Egypt usually two must sign. Mr Booth replied that in London one signature was sufficient.

In deciding the issue, the judge directed himself by reference to the judgment of Lord Justice Diplock in *Freeman and Lockyer* [1964] 2 KB 480, 505, namely that there being no actual authority a third party could not rely on the apparent authority of an agent if the principal had held him out as possessing authority; and that the commonest form of holding out was by permitting him to act in the conduct of the principal's business. That constituted a representation that the agent had authority to enter into contracts of a kind which an agent authorised to do acts which he is in fact permitted to do usually enters into in the ordinary course of such business.

Having heard expert evidence, the judge concluded that in signing the undertaking by himself Mr Booth was acting within what would ordinarily be expected to be the scope of his authority to act in the conduct of the principal's business. That constituted a representation that the agent had authority to enter into contracts of a kind which an agent authorised to do acts which he is in fact permitted to do usually enters into in the ordinary course of such business.

The doctrine of holding out was a form of estoppel. The principal's acts constituted a representation that the agent had a particular authority and were reasonably so understood by the third party. That required the court to consider the principal's conduct as a whole.

In many cases the holding out or representation by a company consisted solely of the fact that the company had invested the agent with a particular office (see *British Bank of the Middle East* [1968] 2 Lloyd's Rep 87).

In the present case, the holding out was alleged to consist of a course of conduct wider than merely describing the agent as holding a particular office. In such a case, although the authority normally found in the holder of office was very material, it must be looked at as part and parcel of the whole course of the principal's conduct in order to decide whether the totality of his action constituted a holding out.

The only correct approach was the one adopted by the judge, which was to consider the whole of Refson's conduct. He accepted expert evidence which showed that documentary credit managers were to be found in clearing banks, merchant banks, and trading banks.

The working methods of clearing banks were different and should be ignored. Normal practice in merchant and trading banks was that they had two categories of authorised signatories, category A (who could bind on their sole signature) and category B (who could not).

Lists of category A and B signatories were confidential and could not have been known to anyone in International's position. In merchant and trading banks some (but not all) managers were category A signatories. In such banks it was common for there to be a close relationship between a particular senior manager and one particular customer.

A documentary credit manager might or might not be a sole signatory. If he looked after a client's affairs generally (as opposed to being limited to documentary credit alone) he would be expected by those who knew the practices of such banks to have general authority to bind the bank and to be an A signatory.

Mr Booth had been acting for Refson in relation to Soplex's affairs over a wide field, far outside that of documentary credits. There was no suggestion that he was giving the undertaking, he was acting outside his authority or that his superiors were not aware of what he was doing. He was a senior manager answerable directly to the board. Although International was not aware of the full range of his activities, it did know that he had wide knowledge of Soplex's affairs.

On those facts alone, Refson held out Mr Booth as being a manager of the kind who dealt with his clients' affairs generally and who could therefore reasonably be expected to have a general authority.

Further facts were also relied on by the judge. When the whole picture was looked at, in the round there was ample evidence to justify his finding that in signing the undertaking Mr Booth was acting within the authority that he had been held out by Refson as possessing, and that International was entitled to and did rely on such representation.

With regard to Mr Booth's representation that one signature was sufficient in London, there was substantial authority that if a company conferred actual or apparent authority to enter a specific transaction, a representation made by him as to his authority was capable of being relied on as one of the acts of holding out (see *British Thomson-Houston* [1932] 2 KB 172; *Freeman and Lockyer* [1964] 2 QB 480; *Hutchinson* [1968] 1 QB 549, 593).

The appeal should be dismissed.

LORD JUSTICE LAWTON and LORD JUSTICE KERR gave concurring judgments.

For Refson: Samuel Stamer QC and Nicholas Strauss QC (Beechcroft's)

For International: David Johnson QC and Marcus Pickering (Richard Butler & Co.)

By Rachel Davies Barrister

### What went wrong with the "Brazilian Boom"?

THE INTERNATIONAL FINANCIAL CRISIS: LESSONS OF THE BRAZILIAN CRISIS, is the most extensive report yet produced on the implications of the Brazilian problem. It presents a thorough and up-to-date analysis of this rapidly changing and complex problem, points to flaws in the international financial system and describes the pressures for reform that are now building up.

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LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Telecom leads equities into uncharted territory - index 7.3 up at record 930.3

Account Dealing Dates

\*First Declares East Account Dealings... Dec 26 Dec 6 - Dec 7 Dec 17 Dec 20 Dec 21 Jan 1 Jan 21

London equity markets began the last trading Account before Christmas in the spirit traditionally associated with the festive season.

A combination of domestic institutional buying and overseas demand swept BT higher to the best yet of 97 1/2 amid strong evidence of market prospects before a close of 85 1/2 up 3 on balance.

Other blue chips and many secondary issues benefited from the committal of returning BT cash.

Stores maintained their current prominence following announcement of last month's record retail sales.

Midland, which rose 21 1/2 last week on vague rumours of a bid from British Petroleum.

Dixons feature November's record retail sales figures set the seal on another firm session in Stores.

Other clearers edged higher in thin trading. Recently unsettled by fund-raising fears, rallied 3 to 500p, while NatWest hardened a couple of pence to 570p and Barclays firmed 5 to 585p.

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limited to push forward on take-over speculation. Legal and financial firms firmed 10 to 560p, Prudential 8 to 500p and Life 7 to 720p.

Scottish and Newcastle rose 3 1/2 to 150p on Press forecasts of bumper interim profits; the group is due to report next Monday.

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FINANCIAL TIMES STOCK INDICES

Table with columns for Dec 10, Dec 7, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1984. Rows include Government Securities, Fixed Interest, Ordinary, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns for High, Low, S.E. Activity. Rows include Govt. Secs, Fixed Int., Ordinary, Gold Mines.

34 more to a new high for the 450p; Carrys up on 10p more to 550p. Excelsior Jewellers advanced 3 1/2 to 111p following an investment recommendation.

Weekend Press mention and trading statements helped to enliven proceedings in the Electrical sector.

Among Foods, Tate and Lyle hardened 2 to 42 1/2p awaiting tomorrow's annual results.

Continuing concern over the possibility of further falls in spot crude prices and offshoot OPEC members meet on the 19th to discuss price differentials on various grades of crude oil.

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were particularly good at 368p, up 14, while buyers in front of tomorrow's interim results left Pilkington 8 1/2 higher at 320p.

Recent high-fiver Samuelsons Group were given a fresh boost by favourable Press comment and the price moved ahead strongly in a restricted market to close 4 1/2 up at 87 1/2p.

Properties were selectively firm, and Securities rose 5 to 305p and NEPC gained 6 1/2 to 322 1/2p.

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places. McLeod Russel rose 12 to 342p and Williamson improved 5 to 400p.

Golds weak Bullion continued its recent decline and slipped back 75 cents to \$326.75.

South African Golds retreated for much of the day in the wake of persistent selling from Johannesburg and London sources but steadied after-hours following light support from the Continent.

However, many leading issues posted heavy losses and the Gold Mines index registered a 15.2 decline at 532.3.

Dividends from the Rand Mines group were not known during market hours but Durban Deep gave up 1 1/2 to 112 1/2p.

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EQUITIES

Table with columns for Issue Price, Current Price, Stock, etc. Rows include various equity issues.

FIXED INTEREST STOCKS

Table with columns for Issue Price, Current Price, Stock, etc. Rows include various fixed interest stocks.

"RIGHTS" OFFERS

Table with columns for Issue Price, Current Price, Stock, etc. Rows include various rights offers.

Renunciation date usually last day for dealing free of stamp duty. Figures are based on prospectus estimates.

NEW HIGHS AND LOWS FOR 1984

Table with columns for New Highs and Lows for 1984. Rows include various stock indices.

RISES AND FALLS YESTERDAY

Table with columns for Rises and Falls Yesterday. Rows include various stock indices.

OPTIONS

Table with columns for First Dealings, Last Dealings, etc. Rows include various options.

ACTIVE STOCKS

Table with columns for Stock, Price, etc. Rows include various active stocks.

FRIDAY'S ACTIVE STOCKS

Table with columns for Stock, Price, etc. Rows include various Friday's active stocks.

LONDON TRADED OPTIONS

Table with columns for Option, Calls, Puts, etc. Rows include various London traded options.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, etc. Rows include various European options.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Equity Groups & Sub-sections, Moa Dec 10 1984, etc. Rows include various equity groups.

FIXED INTEREST

Table with columns for Price, Maturity, etc. Rows include various fixed interest instruments.

FT/Field. Highs and lows record, base data, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4A 3DF, price 15p, by post 25p.



FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Div, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years' with columns for Name, Stock, Price, Div, and Yield.

Undated

Table of undated funds with columns for Name, Stock, Price, Div, and Yield.

Index-Linked

Table of index-linked funds with columns for Name, Stock, Price, Div, and Yield.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of international bank and overseas government sterling issues with columns for Name, Stock, Price, Div, and Yield.

CORPORATION LOANS

Table of corporation loans with columns for Name, Stock, Price, Div, and Yield.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans with columns for Name, Stock, Price, Div, and Yield.

LOANS Building Societies

Table of loans from building societies with columns for Name, Stock, Price, Div, and Yield.

Public Board and Ind.

Table of public board and industrial loans with columns for Name, Stock, Price, Div, and Yield.

Financial

Table of financial instruments with columns for Name, Stock, Price, Div, and Yield.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails with columns for Name, Stock, Price, Div, and Yield.

AMERICANS

Table of American stocks with columns for Name, Stock, Price, Div, and Yield.

BEERS, WINES—Cont.

Table of beer and wine stocks with columns for Name, Stock, Price, Div, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stocks with columns for Name, Stock, Price, Div, and Yield.

DRAPERY & STORES—Cont.

Table of drapery and stores stocks with columns for Name, Stock, Price, Div, and Yield.

ELECTRICALS

Table of electrical stocks with columns for Name, Stock, Price, Div, and Yield.

ENGINEERING—Continued

Table of engineering stocks with columns for Name, Stock, Price, Div, and Yield.

INDUSTRIALS (Miscel.)

Table of industrial stocks with columns for Name, Stock, Price, Div, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Stock, Price, Div, and Yield.

BANKS, HP AND LEASING

Table of banks, home products, and leasing stocks with columns for Name, Stock, Price, Div, and Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks with columns for Name, Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table of drapery and stores stocks with columns for Name, Stock, Price, Div, and Yield.

FOOD, GROCERIES, ETC

Table of food, grocery, and other stocks with columns for Name, Stock, Price, Div, and Yield.

ENGINEERING

Table of engineering stocks with columns for Name, Stock, Price, Div, and Yield.

HOTELS AND CATERERS

Table of hotel and catering stocks with columns for Name, Stock, Price, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stocks with columns for Name, Stock, Price, Div, and Yield.

ENGINEERING

Table of engineering stocks with columns for Name, Stock, Price, Div, and Yield.

HOTELS AND CATERERS

Table of hotel and catering stocks with columns for Name, Stock, Price, Div, and Yield.

Handwritten signature or note at the bottom of the page.

INDUSTRIALS—Continued

Table of industrial stock prices including companies like British Petroleum, Shell, and ICI.

LEISURE—Continued

Table of leisure stock prices including companies like British Airways and British Telecom.

PROPERTY—Continued

Table of property stock prices including companies like British Land and Anglo-Continental.

INVESTMENT TRUSTS—Cont.

Table of investment trust prices including various funds like British American and British Overseas.

OIL AND GAS—Continued

Table of oil and gas stock prices including companies like British Petroleum and Shell.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stock prices including companies like British Aerospace and Rover.

SHIPPING

Table of shipping stock prices including companies like British Overseas Airways and British Airways.

SOOTH AFRICANS

Table of South African stock prices including companies like Anglo-Continental and Anglo-Transvaal.

INSURANCES

Table of insurance stock prices including companies like British American Insurance and British Overseas Insurance.

PROPERTY

Table of property stock prices including companies like British Land and Anglo-Continental.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices including various investment funds.

PLANTATIONS

Table of plantation stock prices including companies like British Overseas Plantations and Anglo-Continental Plantations.

LEISURE

Table of leisure stock prices including companies like British Airways and British Telecom.

PROPERTY

Table of property stock prices including companies like British Land and Anglo-Continental.

INVESTMENT TRUSTS—Cont.

Table of investment trust prices including various funds like British American and British Overseas.

OIL AND GAS—Continued

Table of oil and gas stock prices including companies like British Petroleum and Shell.

NOMURA INTERNATIONAL LIMITED NEW ERA INVESTMENT AND UNDERWRITING OFFICE WORLDWIDE

MINES—Continued table listing various mining companies and their stock prices.

Central African and Australian mines table listing companies like Anglo-Continental and Anglo-Transvaal.

Overseas Traders table listing companies like Anglo-Continental and Anglo-Transvaal.

NOTES table listing various financial notes and their prices.

REGIONAL & IRISH STOCKS table listing regional and Irish stock prices.

OPTIONS—3-month call rates table listing options and call rates.

40 AUTHORISED UNIT TRUSTS

Table of authorised unit trusts with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trust information listing various funds, managers, and their details.

Table of insurance companies and their financial data.

INSURANCES

Table of insurance policies and their terms.

F.T. CROSSWORD PUZZLE No. 5,592

- ACROSS
1 Numbers fish at side of ditch (12)
2 Morning by the beach in this country (7)
...
DOWN
1 First performance is an opportunity (7)
...
Solution to Puzzle No. 5,591

Crossword puzzle grid with numbers indicating starting positions for clues.

Solution to Puzzle No. 5,591 showing the filled-in crossword grid.

Handwritten signature or mark at the bottom of the page.



INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including Liberty Life Assurance Co Ltd, Prudential Insurance Co, and others.

Table of financial data for insurance and overseas funds, including Target Life Assurance Co Ltd, Swiss Life Assurance Co, and others.

Table of financial data for insurance and overseas funds, including CAL Investments (UK) Ltd, Overseas Investment Services, and others.

Table of financial data for money funds and bank accounts, including Midland Bank Ltd, Sunbeam (Jersey) Ltd, and others.

OFFSHORE AND OVERSEAS

Money Market

Trust Funds

Money Market

Bank Accounts

COMMODITIES AND AGRICULTURE

St Joe lead strike settled

BY JOHN EDWARDS, COMMODITIES EDITOR

AN EIGHT-MONTH strike at the St Joe Resources lead plants in Missouri ended last night when workers ratified a two-year labour contract.

The settlement at St Joe follows the recent decision by Asarco workers on the Missouri lead "belt" to vote to go back to work in spite of their union's recommendation not to do so.

Japanese pork ban stays

BY ANDREW GOWERS

BRITAIN HAS been rebuffed in its latest attempt to persuade Japan to lift a ban on imports of British pork, imposed on animal health grounds.

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes in week ending Dec 7)

4,359m tonnes at end-October against 4,357m in September and 3,771m in October last year.

Studies may affect world wheat agreement

DISCUSSIONS AT a four-day International Wheat Council session which started in London yesterday will focus on studies of the impact on world wheat trade of export practices and on grain-handling in developing countries, delegates said, reports Reuters.

The studies, the culmination of more than a year's work by the council's secretariat, are likely to be extended after consideration by the council. They could help to create initiatives on the shape of the International Wheat Agreement, they said.

● SOUTH AFRICA'S sugar crop for the 1984-85 season is estimated at a record 2,300 tonnes, compared with last month's forecast of 2,28m and last year's crop of 1,38m, the South African Sugar Association said.

● WEST GERMANY'S consumption of meat and poultry is seen averaging 90.5 kg a head this year, 2 kg more than last year, ZMP agricultural information bureau said in Bonn.

Consumption was aided by lower prices on average than a year earlier. Pig meat remained the most popular, with consumption expected to rise to 51.5 kg from 50.4 kg. Beef would show the largest increase to about 21 kg from 19.2 kg last year, the bureau said.

Hides trade heads for further restructuring

THE USUALLY untroubled world of the cow and ox hide business has been subjected to a clutch of unsettling pressures in the past year. These emerged two weeks ago when Manchester's hides auction was abandoned in a dispute over payment terms.

This issue was resolved but the industry's problems and some conflicting vested interests among different sections of the £100m UK business have not been. "It's not turmoil but it's a wave," says one Liverpool hide dealer.

The backcloth has been a reshaping of the industry into bigger and fewer units and a shrinking network of notions which has prompted some in the industry to suggest auctions in their present form might not survive.

Auctions account for less than 40 per cent of the kill, the rest of the hides being sold by private treaty.

The Manchester auction broke up when auctioneers for the North West Hide and Skin Sales Association and one of its principal trading members, Markendale Lancashire, insisted bids conform to a sales condition that required payment within 12 days.

This week's Manchester auction proceeded after Markendale backed down and allowed bids on the basis of individual negotiations between buyers and sellers. The auction is to be largely on the basis of 21 days or 28 days. The Manchester dispute reflected:

Nick Garnett examines a wave of unrest and the questions hanging over the auction system's future

● The cash flow pressures which have been squeezing traders, brokers, dealers and tanners and from which Markendale was trying to break out.

● The disruptive impact caused by the growing influence of Continental buyers.

The weekly UK kill of cattle is about 60,000 head, providing hides worth between £80m and £100m a year. Prices have always been volatile and were especially so over the past six months with a variation of as much as £10. They are now at a peak of £30 or more, a four-fold jump over the past four years.

These premium prices have been generated by several factors, including a stable or declining European kill, the high dollar, which has made U.S. hides less attractive, and generally rising fashion-induced demand.

This has cranked up the week-by-week money everyone needs to carry out their business, hitting cash-flow and eventually causing Markendale to try a shortening of usually accepted credit terms. Brokers and dealers, facing similar cash-flow pressures, were having none of it.

Markendale, which trades and processes skins, also says competition at the abattoir is becoming tougher, with some Dutch and French companies

India sets 651m kg tea production target

INDIA HAS set a target for next year's tea production of 651m kg, with 635m kg this year, which is itself 10m kg above target, according to Mr R. L. Rikhye, vice-chairman of the Indian Tea Association, reports Reuters from Tezpur.

He told a meeting of the association that he expected domestic tea stocks at the end of this year to rise by 50m kg. The Indian tea industry was likely to invest about Rs1.57m (£107.6m) next year, up from Rs1.37m this year, he said.

He said there should be an easing of upwards pressure on domestic tea prices next year because of improved stocks. Total stocks of tea in Calcutta warehouses on November 20 were estimated at 225,340 chests (42 kg each) against 40,000 chests a year earlier.

Imports in Guwahati, Assam; another important tea port in Calcutta were also much higher than a year ago.

● At yesterday's weekly London auction there were 35,023 packages on offer, including 6,800 packages in the offshore section, reports Thompson Lloyd.

Nigerian cocoa 'damaged'

LONDON — A boat-load of Nigerian cocoa which reached the UK late last week, involving more than 2,000 tonnes, has been found to be partly affected by sweat and/or water damage in transit, London cocoa dealers said.

They said the cocoa had been eagerly awaited but problems surrounding any deterioration in quality were expected to add to recent apprehensions over the tight supply availability of raw cocoa beans, reports Reuters.

Herring stocks in Norway's waters are thought to be increasing, particularly of Norwegian spring-spawning herring. The Fisheries Ministry has decided to allow a small quota increase next year, while from 1987 catch quotas are expected to be raised substantially.

Offshore teas came in for good demand and prices, though irregular, showed little overall change.

The average price for quality tea was unchanged at 325p a kilo. Medium tea was 7p down at 285p a kilo and low medium unchanged at 250p a kilo.

Record aid for Norway's fishermen

BY FAY GJESTER IN OSLO

STATE AID to Norway's fishermen this year is the highest in the history of the industry. It is Nkr 275m more than for this year and a record but Nkr 600m less than the country's fishermen's union had originally sought.

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LONDON MARKETS

NEARBY COFFEE values on the London futures market fell sharply as concern eased about the possibility of a shortage of beans available for tendering against the January contract. Market felt that a large quantity of coffee tendered for November may be made available for January led to heavy selling by commission houses and computer funds.

As a result, the January position ended 254 down, \$2,195 a tonne and the March position \$250 down at \$2,198 a tonne. The price movements were exaggerated by yesterday's thin market conditions, dealers said.

Other soft (non-metal) commodities were also sharply lower.

MAIN PRICE CHANGES

Table with columns for Dec 10 1984, +/- or Month, and +/- or Year. Includes METALS, OILS, GRAINS, and RUBBER.

Table with columns for Dec 10 1984, +/- or Month, and +/- or Year. Includes COPPER, ALUMINIUM, SILVER, and NICKEL.

Table with columns for Dec 10 1984, +/- or Month, and +/- or Year. Includes TIN, LEAD, and ZINC.

INDICES

Table with columns for Dec 7 1984, +/- or Month, and +/- or Year. Includes REUTERS, DOW JONES, and MOODY'S.

Table with columns for Dec 7 1984, +/- or Month, and +/- or Year. Includes WHEAT, BARLEY, and COCOA.

Table with columns for Dec 7 1984, +/- or Month, and +/- or Year. Includes RUBBER, SOYBEAN MEAL, and POTATOES.

U.S. MARKETS

Table with columns for Dec 10 1984, +/- or Month, and +/- or Year. Includes CRUDE OIL (LIGHT), HEATING OIL, and SUGAR.

Table with columns for Dec 10 1984, +/- or Month, and +/- or Year. Includes WHEAT, BARLEY, and COCOA.

Table with columns for Dec 10 1984, +/- or Month, and +/- or Year. Includes RUBBER, SOYBEAN MEAL, and POTATOES.

OTHER MARKETS

Table with columns for Dec 10 1984, +/- or Month, and +/- or Year. Includes WOOL FUTURES, ROTTERDAM, and MEAT/FISH.

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WOOL FUTURES

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ROTTERDAM

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar drifts a little higher

The dollar moved higher in quiet foreign exchange trading yesterday. It opened firmer and ranged between its very limited high and low during the morning. There was a period around mid-afternoon when the U.S. currency showed signs of sliding but it recovered, although the market continued to lack any firm direction.

There was reported to be some commercial demand for the dollar, but this was countered by Bundesbank sales on the open market. Dealers are cautious, fearing further sales of dollars by the Bundesbank before the year end, but also knowing that any large buying order could send the dollar shooting up in the prevailing thin market.

Sentiment was generally supportive of the U.S. currency, on speculation the Federal Reserve will not push U.S. interest rates any lower at the moment, and also in anticipation that the economic data to be released this week will include rises in November retail sales and industrial production, after a period when statistics had been showing a marked slowdown in U.S. economic growth.

The dollar improved to DM 3.0520 from DM 3.0550, FFf 8.4725 from FFf 8.4525, Swf 2.5525 from Swf 2.5425, while a slight firming of Euro-dollar interest rates also lent support to the dollar. It was the third consecutive trading day that the Bundesbank sold dollars on the open market, and this pushed the U.S. currency down from a peak of DM 3.0975 to a low of DM 3.0790, before it recovered at the fixing. Sterling improved to DM 3.7220 from DM 3.7030, and Swiss franc to DM 1.2110 from DM 1.2115. Within the EMS the French franc was unchanged at DM 32.685 per 100 francs, but other currencies were stronger against the D-mark.

but eased to Y266.75 from Y267.55. On Bank of England figures its exchange rate index fell however to 142.6 from 142.7. Sterling - Trading range against the dollar in 1984 is 1.4996 to 1.5175. November average 1.5115. Exchange rate against the dollar in 1984, compared with 79.6 six months ago. The index opened at 74.8 and remained at that level at each successive hourly calculation. Sterling was steady against the dollar and firm against most other major currencies. The pound remained on the sidelines, waiting for some move on oil prices or the miners' strike, and tended to drift up and down with the dollar. It finished unchanged at \$1.2025-1.2035, and

rose to DM 3.72 from DM 3.71; FFf 11.38 from FFf 11.3550 and Swf 2.507 from Swf 2.4975. D-MARK - Trading range against the dollar in 1984 is 3.1410 to 2.5533. November average 2.5906. Trade-weighted index 129.7 against 126.4 six months ago. The D-mark weakened against most currencies, including the dollar, at the Frankfurt fixing. The German Bundesbank was estimated to have sold about \$5m on the open market, and also parted with \$12.45m when the dollar was fixed at DM 3.0931, compared with DM 3.0710 on Friday. Commercial demand for the U.S. currency in a thin market helped to offset the Bundesbank's sales.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, % change, % change, Divergence. Rows include Belgium, France, Germany, Italy, Netherlands, Luxembourg, Portugal, Spain, Greece, Ireland, United Kingdom, Denmark, Finland, Sweden, Norway, Austria, Switzerland, and Japan.

STERLING EXCHANGE RATE INDEX Dec 10 Previous 8.30 am 74.8 74.6 9.00 am 74.8 74.6 10.00 am 74.8 74.6 11.00 am 74.8 74.6 Noon 74.8 74.6 1.00 pm 74.8 74.7 2.00 pm 74.8 74.7 3.00 pm 74.8 74.6 4.00 pm 74.8 74.7

POUND SPOT-FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, Three months, Six months. Rows include U.S., Canada, Australia, New Zealand, Hong Kong, Singapore, Japan, South Africa, and various European currencies.

TRADING DULL

Trading was mostly featureless in the London International Financial Futures Exchange yesterday. The number of lots traded continued to decline ahead of the year end with very little encouragement to be gleaned from a quiet cash market. Most contracts opened unchanged from last week and after easing initially, rallied later in the day. U.S. bond futures benefited from a mild interest rate initiative further decline in interest rates. The March contract opened at 70-08 down from

FINANCIAL FUTURES

Trading dull

70-11 on Friday but recovered to close at 70-12. Trading in FT-SE contracts pushed values firmer. After a quiet morning session, prices rose in the afternoon, record levels, helped by continued demand for British Telecom shares. UK retail sales and producer price figures were greeted favourably and added to the bullish sentiment. The December contract opened at 116.65 up from 116.20 and rose to a closing level of 119.35.

CHICAGO

Table with columns: Close, High, Low, Prev. Rows include U.S. Treasury Bonds (CBT) 8%, U.S. Treasury Bills (TMM) 8%, and U.S. Treasury Bonds (TMM) 10%.

Table with columns: Close, High, Low, Prev. Rows include FT-SE 100 INDEX, U.S. TREASURY BONDS (CBT) 8%, U.S. TREASURY BONDS (TMM) 8%, U.S. TREASURY BONDS (TMM) 10%.

OTHER CURRENCIES

Table with columns: Dec. 10, £, \$, ¥, and other currencies. Rows include Argentina, Australia, Brazil, Canada, Denmark, Hong Kong, Japan, New Zealand, Singapore, South Africa, and various European currencies.

CURRENCY MOVEMENTS

Table with columns: Dec. 10, Bank of England, Morgan Stanley, Deutsche Marks, Japanese Yen, and other currencies.

EXCHANGE CROSS RATES

Table with columns: Dec. 10, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc.

EURO-CURRENCY INTEREST RATES

Table with columns: Dec. 10, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krone.

MONEY MARKETS

Interest rates showed little overall change in London yesterday in rather quiet and featureless trading. Once again period rates remained static with sterling showing a very steady trend in currency markets. Short-term money was easier to come by in the afternoon after the Bank of England's later assistance. Overnight rates had touched 91-91 per cent and slipped away to 91-91. Late balances were taken at 91-91 per cent. Three-month interbank money was 91-91 per cent from 91-91 per cent while three-month

UK rates show little change

To help alleviate the shortage, the Bank offered an early round of assistance. This comprised purchases of £79m of eligible bank bills, £2m in band 2 (15-33 days) at 91 per cent, £22m in band 2 (15-33 days) at 91 per cent, £4m in band 4 (64-91 days) at 91 per cent. Further help was given later in the morning in the form of £20m. This comprised purchases of £43m of eligible bank bills in band 2 at 91 per

MONEY RATES

Table with columns: Dec. 10, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, Dublin. Rows include Overnight, One month, Three months, Six months, One year.

LONDON MONEY RATES

Table with columns: Dec. 10, Sterling, Certificate of deposit, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Fine Trade (Buy).

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table with columns: Dec. 10, Sterling, Certificate of deposit, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Fine Trade (Buy).

MONEY RATES

Table with columns: Dec. 10, Prime rate, New York (Lunchtime), Treasury Bills, One month, Three months, Six months, One year, Treasury Bonds, Two year, Three year, Four year, Five year, Ten year, 30-year.

FT LONDON INTERBANK FIXING

Table with columns: Dec 10, 11.00 a.m., 3 months U.S. dollars, bid 9 11/16, offer 9 7/16, bid 9 11/16, offer 9 11/16.

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Art Galleries

RUSZKOWSKI ALPINE GALLERY 74 South Audley Street, London, W.1. Tel: 01-429 2288. Exhibition of Oil to mark publication of book by Michael Simonow: "UNOFFICIAL WAR ARTIST," available Element Books, Long Mead, Shaftesbury, Dorset. Tel: 0747 50339. Exhibition from 3rd to 15th December, Monday to Saturday, 10 am-5 pm.

Company Notice

RAND MINES GROUP MEMBERS OF THE RAILROAD GROUP (Incorporated in the Republic of South Africa) DIVIDEND DECLARATION Blyvooruitved Gold Mining Company, Limited. NOTICE IS HEREBY GIVEN that dividend No. 72 of 50 cents per share has been declared in respect of the year ending 30 June 1984, payable to members registered in the books of the company at the close of business on 28 December 1984. The dividend will be paid on 29 December 1984. The names of members entitled to the dividend will be posted on or about 1 February 1985.

Clubs

WEST END CLUB 25, New Bond Street, London, W.1. Tel: 01-429 2288. Exhibition of Oil to mark publication of book by Michael Simonow: "UNOFFICIAL WAR ARTIST," available Element Books, Long Mead, Shaftesbury, Dorset. Tel: 0747 50339. Exhibition from 3rd to 15th December, Monday to Saturday, 10 am-5 pm.

Conferences

CONFERENCE: Employee Involvement: The Global Perspective. Chaired by Sir Peter Waterhouse, Chairman of the programme features senior industrialists with extensive experience of employee involvement in the USA, UK, Japan, West Germany, Netherlands, Sweden and the Republic of Ireland. (01-379 7400 a 561J Centre Point.

Contracts & Tenders

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE INVITATION TO TENDER. Tenders are invited for the urgent supply of 10,426 tonnes of bagged wheat for export to Syria for delivery on a job tender basis to an EC port. Loading shall commence no later than 25 January 1985 and no later than 8th February 1985. The supply of 6,904 tonnes of soft wheat to Tunisia for delivery on a job tender and trimmed basis to an EC port. Loading shall commence no later than 18th January 1985 and no later than 15th February 1985.

WORLD VALUE OF THE POUND

Table with columns: COUNTRY, CURRENCY, VALUE OF £ STERLING. Rows include Afghanistan, Albania, Algeria, Andorra, Angola, Antigua, Argentina, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Barbados, Belgium, Belize, Benin, Bermuda, Bolivia, Botswana, Brazil, Brunei, Bulgaria, Burma, Burundi, Cambodia, Cameroon, Canada, Cayman Islands, Ceylon, Chile, China, Colombia, Comoros, Congo, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Falkland Islands, Faroe Islands, Finland, France, Gabon, Gambia, Germany, Ghana, Gibraltar, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Italy, Jamaica, Japan, Jordan, Kampuchea, Kenya, Kiribati, Korea, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Macao, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Micronesia, Monaco, Mongolia, Montserrat, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Russia, Rwanda, St. Christopher, St. Helena, St. Lucia, St. Vincent, St. Kitts, St. Eustace, St. Pierre, St. Martin, St. Thomas, Saudi Arabia, Senegal, Sierra Leone, Singapore, Solomon Islands, Somalia, South Africa, South America, Spain, Sri Lanka, Sudan, Switzerland, Taiwan, Tanzania, Thailand, Timor, Tonga, Trinidad, Tunisia, Turkey, Turkmenistan, Tuvalu, Uganda, United States, Uruguay, Uzbekistan, Venezuela, Vietnam, Virgin Islands, Western Samoa, Yemen, Yugoslavia, Zaire, Zimbabwe.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 10.

Country	Issue	Yield	Price	Change
U.S. DOLLAR	AT&T 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Bank of Tokyo 12 1/2% 91	10 1/2%	102 1/2	+0 1/2
	Chrysler 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	General Electric 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	IBM 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	International Paper 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Johnson & Johnson 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Merck 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Rockwell International 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Walt Disney 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
STERLING	British Telecom 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Airways 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Petroleum 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Overseas Airways 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Airways 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Airways 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Airways 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Airways 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Airways 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	British Airways 12 1/2% 88	10 1/2%	102 1/2	+0 1/2

Country	Issue	Yield	Price	Change
YEN STRAIGHTS	Asahi 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Fuyo 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Industrial Bank of Japan 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Mitsubishi 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Sanwa 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Sumitomo 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Yokohama Specie 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Yokohama Specie 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Yokohama Specie 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Yokohama Specie 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
OTHER STRAIGHTS	Canada 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	France 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Germany 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Italy 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Japan 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Spain 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	Switzerland 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	UK 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	US 12 1/2% 88	10 1/2%	102 1/2	+0 1/2
	West Germany 12 1/2% 88	10 1/2%	102 1/2	+0 1/2

# CAPITAL MARKETS

## Prudential Insurance of America to tap market for \$1bn

**BY MAGGIE HURRY IN LONDON**

WITH ONLY a dozen investing days left until Christmas Salomon Brothers is testing the Eurobond market's liquidity by asking for Euro 1bn on behalf of Prudential Insurance of America.

The funds are being raised about 20 basis point selling concession. Co-leads are Credit Lyonnais and Saudi International Bank. Trading was again quiet in the Eurodollar bond market. Prices were weaker continuing Friday's fall, closing about 1/4 point lower.

Barings Brothers announced a \$100m bullput issue for the Inter-American Development Bank. The bonds mature in May 2015 and pay a gross redemption yield which is 1 per cent higher than that on the Treasury 13 1/2 per cent 2004-08 when the pricing is fixed on Wednesday afternoon. At current levels the yield would be about 11.3 per cent.

The issue has the added attraction of being 100 per cent paid until June 1985, and the first coupon is not paid until November 1985.

The State Bank of New South Wales is raising A\$40m through a five-year issue yielding 12 1/2 per cent. Lead manager is Morgan Stanley, with S. G. Warburg and Salomon Brothers as co-leads.

Commodore, the computer company, launched its DM 100m public issue through Bayerische Vereinsbank. The seven-year deal, which has a 7 1/2 per cent coupon and par issue price, was well received, trading inside the 1 1/2 per cent selling concession.

Another equity warrants deal appeared from Nippon Shuppan, guaranteed by Sanwa Bank. The DM 200m issue has a five-year life and a 3 1/2 per cent coupon. Lead manager is Dresdner Bank.

D-Mark bonds were about 1/4 point lower yesterday after the weaker New York market and the firmer dollar. Investors are holding off and the market is quiet.

Swiss franc bonds were also an average 1/4 point lower. Dealers have largely squared their books for the year-end. New public issues have also dwindled.

In the European sector Nomura is expected to launch an issue for United Technologies.

The second portion raises \$545.66m and has a January 1995 maturity. This, too, has a sinking fund which starts after eight years and gives a 9.1 per cent average life. The coupon is 12 1/2 per cent and issue price par, with gross fees of 2 per cent.

One dealer called these two tranches "the most sensibly priced paper we have seen for a while". The sheer size of the issue is likely to make distribution slow, however. Eventually the size will prove an advantage, giving greater secondary market liquidity.

The zero-coupon issue has a 14-year life and \$365.216m redemption value. The issue price is 20.85, at which level the redemption yield is 11.85 per cent, and the proceeds are just over \$70m. Fees are 89 1/2 basis points.

Prudential is using the issue to restructure its mortgage portfolio, hence the unusual amount and the sinking funds. Co-leads on all three are Credit Suisse First Boston, Prudential - Barbe and Hambros.

Nomura Securities launched a \$150m floating rate note issue for Credit Lyonnais, aimed at Middle East and Far East investors. The 15-year bonds will pay interest at 1/4 per cent over the six-month offered rate for London interbank Eurodollar deposits. Total fees are 49 basis points. The bonds traded around

# RANK XEROX

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## French banks to study new bond fund rules

THE FRENCH Banking Association said yesterday that it was studying possible changes in rules governing domestic bond investment funds, but would take no decision without full discussions with all interested parties.

The statement follows comments by M. David Dautremes, chairman of Crédit du Nord, that the association might tighten the rules to discourage sudden movements of short-term money in the funds.

Sudden withdrawals of company cash placed in the funds led to sharp falls in domestic bond prices last Thursday in the secondary market after the Finance Minister, M Pierre Bérégovoy, said he would set up a market in certificates of deposit (CDs).

Average yields rose a full percentage point after M Bérégovoy said that he planned to allow companies early next to issue negotiable CDs. Dealers said these would be an attractive alternative to placing spare cash in the bond funds.

M Dautremes said in Nice on Saturday that the proposed rule changes would institute minimum investment amounts in the funds and a minimum placement period of a year to discourage excessive movements of cash. Funds would have to tell potential subscribers clearly of the risks involved, while the minimum proportion to be invested in bonds would be reduced to 60 per cent from 80 per cent.

## Treasury bill rate set

THE INTEREST rate on the two-year French Treasury bills was set at 10 1/4 per cent at yesterday's Bank of France tender compared with 9 1/4 per cent at a tender on November 6, money market dealers said.

Interest on the new bills will be paid annually, however, raising the rate about 1/2 percentage point higher than if paid monthly as with the November 6 bills, they said.

At the last tender on December 5 a rate of 9 1/4 per cent, paid monthly, was set on nine-month bills. The bank sold FFf 577m of yesterday's bills against bids for FFf 1.44bn and an offer of FFf 1bn.

The bank also sold FFf 980m of 18 month floating rate bills at rates between the monthly average of call money and 1/4 percentage point higher.

It served all bids totalling FFf 340m at the call money average and FFf 250m at a 1/2 point premium, as well as accepting half of the bids, or FFf 390m, at a 1/4 point premium.

Bids on the floating rate bills totalling FFf 2.54bn and the original offer was FFf 1bn.

Italian Treasury Bill rates eased slightly in an undersubscribed mid-December auction of paper worth L1,500bn, the Bank of Italy said.

The bank offered L750bn of six-month paper but assigned only L450bn to competitive bidders for an average yield of 14.28 per cent at end-November.

Competitive bids totalled L694.2bn. The bank purchased L300bn of six-month paper itself.

Reuter

WHICH European computer company sold more business micros in Europe last year than any other?

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